

NALEDI LOCAL MUNICIPALITY



2013/2014 TO 2015/2016 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) FINAL ANNUAL BUDGET DOCUMENT

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ADDITIONAL DOCUMENTS

- Annexure A Integrated Development Plan 2013/14 to 2016/17
Annexure B Policies as set out in Par 4.2
Annexure C Rates and Tariff for the rendering of Municipal Services 2013/14

Part 1 – Annual Budget

1.1 Mayor's Report

Speech by the Mayor on the tabling the Final Annual budget and Final IDP 2013/14

Only people have been asking how we plan to meet our municipalities increasing demands of needs. Right now you'll find Naledi employees working 24/7 to ensure that we are supplying services to do just that.

Just to give you an idea, we are currently in the process of pave a road, refurbishing boreholes and tender is out for re building the water purification plant in Wepener. And we have already laid hundreds kilometers pave roads in both Wepener and Dewetsdorp.

But we are not stopping there. South Africa future depends on long term solutions so we are coming up with new ways to generate clean, renewable water. We are ensuring that our new project of elevated tank and interlinking pipe in Dewetsdorp is more efficient.

We have also completed the construction of water treatment plant in Van Stadensrus and water pump station in Wepener. But as you can appreciate it all takes time. That's why starting right now, if every Naledi resident all 8400 household of us and counting, is responsible to save as much drops of water at home and at work together, we'll all have as much as we need.

A new water meter project is about to start in Morojaneng and the whole idea here is to save much water as we can. The project is also meant to meet the indigent half way, how? Remember each household is subsidized with 6 kl of water per month which means the municipality is buying water on your behalf.

Today we are tabling a 2013/14 budget and medium term revenue expenditure framework. Municipalities exercise their legislature and executive powers over specific functions that we set out in the construction. Municipal functions including providing portable water, sanitation, refuse removal services, building regulations, cemeteries, childcare facilities, electricity, firefighting land use and zoning parks and recreation, control of pollution, public advertising public places, municipal roads, street lights, town planning, trading regulation and licenses (street, food and liquor trade) traffic control and parking. All these functions need rands and cents to have effect on them.

That is why we are today planning budget processes that will seek local community ideas and inputs to ensure their participation.

Challenges

As we shall be tabling the budget and draft IDP, we must know that local government continues to face major challenges i.e. reducing unemployment, increasing access to better quality basic services, overcoming the legacy of apartheid spatial development, strengthening community participation and building a more accountable, effective and efficient local government.

As we are drawing closer to 2014, the year in which the target date was set for government to ensure universal access to basic services, let us plan a budget that will attempt to address the needs of our Naledi residents and throughout your support, I have realized that the quality of IDP has improved but, there is still a long way to go.

Thank you all.

1.2 Council Resolutions

In June 2013 the Council of Naledi Local Municipality met at the Town Hall in Dewetsdorp to consider the Final Annual Budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. The Council of Naledi Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1 The Final Annual Budget of the municipality for the financial year 2013/2014 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 8 on page 32

- 1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 10 on page 38

- 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 11 on page 39

- 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 6 on page 27

- 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- 1.2.1 Budgeted Financial Position as contained in Table 12 on page 41

- 1.2.2 Budgeted Cash Flows Statement as contained in Table 13 on page 43

2. The Council of Naledi Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013, the following tariffs as set out in Annexure C

- 2.1 Property rates

- 2.2 Electricity

- 2.3 The supply of water

- 2.4 Sanitation services

- 2.5 Solid waste services

- 2.6 Cemeteries
 - 2.7 Town Planning (Building Plans)
 - 2.8 Posters and distribution of handbills
 - 2.9 Credit control charges (Penalties and Fines)
 - 2.10 Rental of municipal facilities
 - 2.11 Library fees
 - 2.12 Supply of information
- 3 The Council of Naledi Local Municipality approves the newly designed Integrated Development Plan for the period 2013/2014 to 2016/2017 as set out in Annexure A.
- 4 To give proper effect to the municipality's annual budget, the Council of Naledi Local Municipality approves:
- 4.1 That the cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2 The adoption and the implementation of the following policies, attached as Annexure B
 - Rates Policy
 - Tariffs Policy
 - Credit Control and Debt Collection Policy
 - External Loans Policy
 - Bad Debts and Write off Policy
 - Investment and Banking Policy
 - Virement Policy
 - Indigent policy
 - Supply Chain Management Policy
 - 4.3 That the Municipal Manager be authorised to sign all necessary agreement and documents to give effect to the capital and operating programme.

1.3 Executive Summary

The compilation of the annual budget for the 2013/14 financial year as well as the MTREF remains to be affected by the legacy issues affecting the eco-political environment from which the municipality operates. Nevertheless sound financial management principles were applied during the compilation and adoption to ensure the municipality remains financially viable and that all municipal services are provided sustainably, economically and equitably to all communities.

The challenges emanating from economic factors within the jurisdiction of Naledi Municipality remains to be the key limitation that affects the municipality's ability to collect sustainable revenue from the provision of services; this in turn causes more financial constraints and further limits the ability to provide services to communities and the achievement of strategic objectives of the municipality. Where appropriate, priorities were ranked and programmes and projects were reviewed and analysed according to their impact, relevance and financial viability. A critical review was conducted to identify expenditure related to non-core functions and "nice to have" to ensure that due to limited financial muscle, the municipality should only prioritise programmes that add value and respond to service delivery imperatives.

The 2013/14 annual budget is also influenced by the adjustment budget of 2012/13. The adjustment budget had to incorporate the issues raised in the financial recovery plan which includes amongst others the issue of the long term outstanding creditors, whereby the short, medium and long term payment plans have to be provided for in the current year and the two outer years (MTREF). The Financial Recovery Plan advocates for implementation of stricter internal controls to ensure reduction of expenditure on non-core functions, and increased or concerted efforts in the implementation of the Revenue Enhancement Strategy.

The provision of main services remains the responsibility of the municipality, however over the years the municipality entered into Service Delivery Agreements with the service providers of water and electricity. The municipality has to focus on the development of the financial recovery plan, and thereafter develop a revenue enhancement strategy to optimize their collection of debts owed by the customers; this shall be made possible only by the complete and stringent implementation of the council's Credit control and debt collection policy. In addition, proper management of existing debtor's accounts which are regularly verified and monitored will ensure that only valid customers are billed on time, with the correct rates and at the correct consumption levels of services. The Council shall monitor the implementation of initiatives by means of quarterly reports to council on the progress made and the recovery and collection levels on all outstanding customers.

The National Treasury's MFMA Circular No 60 was used to guide the compilation of the 2013/14 MTREF. The main challenges experienced during the compilation on the 2013/14 MTREF can be summarised as follows:

- Continuous and constant international, national, provincial, regional and local economic pressures;
- Aging and poorly maintained water, roads and electricity infrastructure;

- The need to re-prioritise projects and expenditure within the existing resource envelope subject to cash flow limitations and declining cash reserves of the municipality;
- The increased cost of bulk electricity (due to tariff increases by Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- The increased cost of bulk water (due to tariff increases by Bloem-water), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable and lack of proper management of alternative sources. (i.e. performing the task providing water services internally due to lack of technical capacity and financial resources.);
- Inability to properly account for distribution losses on bulk water purchases due to excessive water leakages emanating from inadequate budgeting for repairs and maintenance resulting in potential revenue being forfeited;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- The municipality's lack of financial viability to raise borrowings for capital expenditure;
- Migratory patterns along the Lesotho border which is directly affected by the provision of services to foreigners who do not qualify as indigents; and
- Inability to collect more revenues as a result of high unemployment rate and inadequate and/or lack of sustainable economic activities

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF.

- The 2012/13 Adjustments Budget priorities and targets as well as the base line allocations contained in that Final Annual Budget were adopted as the upper limits for the new baselines of the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and eradication of backlog goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost

reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- All other possible factors which shall have a direct impact on the 2013/14 annual budget and which were not catered for on or before the approval of this annual budget, shall be factored through a budget adjustment process

In view of the above mentioned factors, table 1 listed below, is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework

Table 1 - Consolidated Overview of the 2013/14 MTREF

| R Thousand | Adjustment Budget | Budget Year | Budget Year | Budget Year |
|---------------------------------------|-------------------|---------------|---------------|---------------|
| | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
| Total Operating Revenue | 107 723 | 86 677 | 94 478 | 97 128 |
| Total Operating Expenditure | 107 628 | 86 353 | 94 450 | 97 003 |
| Surplus/(Deficit) for the year | 95 | 325 | 27 | 125 |
| Total Capital Expenditure | 15 598 | 29 338 | 14 749 | 15 636 |

Total operating revenue has dropped by R 21 046 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue increases by R7 801 million and R2 650 million respectively.

Total operating expenditure for the 2012/13 financial year has been appropriated at R107 628 million and translates into a budgeted surplus of R95 000. In comparison, the operating expenditure has dropped by R21 275 million in the 2013/14 budget and increased by R8 097 million and R2 553 million for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R27 000 and stabilises at R125 000.

The main cost driver of the increases for the total expenditure is the provision in the 2013/14 annual budget made for the item of debt impairment with an amount of R5 million to compensate for R37 million of outstanding debtors. The municipality is currently finalising the process of data cleansing to ensure that the long outstanding irrecoverable debtors are submitted to council to be written off over the MTREF period. A provision was also made for asset depreciation and asset impairment with a marginal increase of R1 5 million. Due to aging infrastructure and the result of conversion to GRAP

from IMFO, the municipality had to properly budget for Asset depreciation and impairment.

The bulk water purchases remains one of the biggest challenges for the municipality, this is compounded by the inability to properly account for distribution losses on water, forfeited revenue, etc. Despite all the factors affecting losses on the water networks, the municipality must constantly maintain the same level of bulk purchases to ensure that water supply to communities is continuous and uninterrupted. The cost of bulk purchases by the water service provider increased by 5.6%, and this input cost to the municipality must be properly reflected to ensure that bulk water services are sufficiently provided for.

The capital expenditure increased with R13 740 million for 2013/14, and decreased by R14 588 million for 2014/15 and increased by R887 thousand for 2015/16. All the capital expenditure is financed out of conditional grant, with the largest portion funded by Municipal Infrastructure Grant.

1.4 Operating Revenue Framework

For Naledi Local Municipality to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 50 per cent annual collection rate for property rates and other key service charges;
- Electricity tariffs increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and

- The Tariffs Policy of Naledi Local Municipality

The following table is a summary of the 2013/2014 MTREF (classified by main revenue source):

Table 2 - Summary of revenue classified by main revenue source

| Description R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | – | 2 355 | 2 547 | 5 791 | 8 467 | 8 467 | – | 4 272 | 4 503 | 4 746 |
| Property rates - penalties & collection charges | | | | | | | | | | | |
| Service charges - electricity revenue | 2 | 11 046 | – | – | – | – | – | – | 22 841 | 24 211 | 24 211 |
| Service charges - water revenue | 2 | 489 | 2 936 | 3 230 | 3 078 | 3 174 | 3 174 | – | 4 084 | 4 305 | 4 537 |
| Service charges - sanitation revenue | 2 | 3 318 | 3 165 | 3 355 | 1 905 | 2 500 | 2 500 | – | 3 790 | 3 995 | 4 211 |
| Service charges - refuse revenue | 2 | 2 422 | 2 121 | 2 248 | 1 298 | 1 604 | 1 604 | – | 2 588 | 2 728 | 2 875 |
| Service charges - other | | | | | | | | | | | |
| Rental of facilities and equipment | | 259 | | 320 | 235 | 311 | 311 | | 329 | 347 | 365 |
| Interest earned - external investments | | 5 | | | | | | | 136 | 143 | 151 |
| Interest earned - outstanding debtors | | | | 32 | – | – | – | | | | |
| Dividends received | | 13 | | 5 | 5 | 5 | 5 | | 5 | 5 | 5 |
| Fines | | | | 5 | 2 | 7 | 7 | | 7 | 7 | 7 |
| Licences and permits | | | | | | | | | | | |
| Agency services | | | | | | | | | | | |
| Transfers recognised - operational | | 30 290 | 35 625 | 35 528 | 39 482 | 39 482 | 39 482 | | 40 740 | 41 969 | 43 431 |
| Other revenue | 2 | 3 871 | 2 190 | 1 601 | 26 588 | 28 560 | 28 560 | – | 7 885 | 12 266 | 12 588 |
| Gains on disposal of PPE | | | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | 51 711 | 48 392 | 48 871 | 78 384 | 84 110 | 84 110 | – | 86 677 | 94 479 | 97 127 |



In line with the format prescribed by the Municipal Budget and Reporting Regulations, Capital transfer and contribution are excluded from the operating statements, as inclusion of these revenue sources will distort the calculation of the operating surplus/deficit.

The largest revenue source is transfers from external sources, totalling R42 053 000 of the total operating revenue. The second largest source is electricity at R22 841 000 of the total operating revenue and as electricity is supplied by Centlec. The third largest source is property rates which is totalling R4 272 000 of the total revenue. A contributing factor to a large increase in service charges is that previous budgets did not break even on the cost for service delivery.

The other revenue consists of various items such as income received from building plans, cemetery fees, rental of municipal properties, commission, fines, etc. The tariffs on these items are reviewed annually to ensure that they are cost reflective and market related. The municipality is embarking of the system of improving a strict implementation of internal control measures to ensure that income from these items is sustainable. The "other income" includes VAT recovery of R4 500 million and R1 7 million for the salaries of the Municipal Manager and the Chief Financial Officer.

Table 2.1 depicted below reflects a gradual increase on all main revenue source over the MTREF period. The table further illustrates each class of main revenue component relative to the total revenue. Property Rates has realised a 5.6% steady increase with the 2013/14 outer year at 5.4%. However, the Transfer recognised from operation shows a steady decline over the MTREF, from 47% for the 2013/14, 47% for the 2014/15 and 47% for the 2015/16. The other service charges remain stagnant caused by realistic projections based on an assessment of covering input costs and making the service charges affordable. The reality is that the municipal area experiences a high indigent rate as a result most of the charges shall have to be paid by with the equitable share in any case.

Table 2.1 Percentage growth in revenue by main revenue source

| Description | Ref | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | | | | |
|--|-----|----------------------|-----------------|--------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| R thousand | 1 | Original Budget | Adjusted Budget | Full Year Forecast | % | Budget Year 2013/14 | % | Budget Year +1 2014/15 | % | Budget Year +2 2015/16 | % |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | 5 791 | 8 467 | 8 467 | 10% | 4 272 | 4% | 4 503 | 5% | 4 746 | 5% |
| Property rates - penalties & collection charges | | 0 | 0 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Service charges - electricity revenue | 2 | – | – | – | 0% | 22 841 | 26% | 24 211 | 26% | 24 211 | 26% |
| Service charges - water revenue | 2 | 3 078 | 3 174 | 3 174 | 4% | 4 084 | 5% | 4 305 | 4% | 4 537 | 4% |
| Service charges - sanitation revenue | 2 | 1 905 | 2 500 | 2 500 | 3% | 3 790 | 4% | 3 995 | 4% | 4 211 | 3% |
| Service charges - refuse revenue | 2 | 1 298 | 1 604 | 1 604 | 2% | 2 588 | 3% | 2 728 | 3% | 2 875 | 2% |
| Service charges - other | | 0 | 0 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Rental of facilities and equipment | | 235 | 311 | 311 | 0% | 329 | 0% | 347 | 0% | 365 | 0% |
| Interest earned - external investments | | 0 | 0 | 0 | 0% | 136 | 0% | 143 | 0% | 151 | 0% |
| Interest earned - outstanding debtors | | – | – | – | 0% | | 0% | 0 | 0% | 0 | 0% |
| Dividends received | | 5 | 5 | 5 | 0% | 5 | 0% | 5 | 0% | 5 | 0% |
| Fines | | 2 | 7 | 7 | 0% | 7 | 0% | 7 | 0% | 7 | 0% |
| Licences and permits | | 0 | 0 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Agency services | | 0 | 0 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Transfers recognised - operational | | 39 482 | 39 482 | 39 482 | 47% | 40 740 | 48% | 41 969 | 49% | 43 431 | 49% |
| Other revenue | 2 | 26 588 | 28 560 | 28 560 | 34% | 7 885 | 10% | 12 266 | 13% | 12 588 | 13% |
| Gains on disposal of PPE | | | | | | | | | | | 0% |
| Total Revenue (excluding capital transfers and contributions) | | 78 384 | 84 110 | 84 110 | 100% | 86 677 | 100% | 94 478 | 100% | 97 128 | 100% |



Table 3 - Operating Transfers and Grant Receipts

| Description R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| EXPENDITURE: | 1 | | | | | | | | | |
| <u>Operating expenditure of Transfers and Grants</u> | | | | | | | | | | |
| National Government: | | 25 558 | 32 082 | 35 528 | 35 528 | 35 528 | 39 482 | 40 740 | 41 969 | 43 431 |
| Local Government Equitable Share | | 23 258 | 29 882 | 33 288 | 33 288 | 33 288 | 37 182 | 38 200 | 39 235 | 40 514 |
| Finance Management | | 1 000 | 1 200 | 1 450 | 1 450 | 1 450 | 1 500 | 1 650 | 1 800 | 1 950 |
| Municipal Systems Improvement | | 1 300 | 1 000 | 790 | 790 | 790 | 800 | 890 | 934 | 967 |
| | | | | | | | | | | |
| Provincial Government: | | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | |
| Other transfers/grants [insert description] | | | | | | | | | | |
| District Municipality: | | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | | | | | |
| Other grant providers: | | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | | | | | |
| Total operating expenditure of Transfers and Grants: | | 25 558 | 32 082 | 35 528 | 35 528 | 35 528 | 39 482 | 40 740 | 41 969 | 43 431 |
| <u>Capital expenditure of Transfers and Grants</u> | | | | | | | | | | |
| National Government: | | 4 732 | 12 634 | 15 598 | 15 598 | 15 598 | 18 663 | 17 376 | 13 491 | 13 692 |



| | | | | | | | | | | |
|---|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Municipal Infrastructure Grant (MIG) | | 4 732 | 11 764 | 14 149 | 14 149 | 14 149 | 17 163 | 16 295 | 13 406 | 13 602 |
| Regional Bulk Infrastructure | | – | – | – | – | | 500 | 81 | 85 | 90 |
| EPWP | | – | 870 | 1 449 | 1 449 | 1 449 | 1 000 | 1 000 | – | |
| Provincial Government: | | – | – | – | – | – | – | 3 859 | – | – |
| Municipal Water Infrastructure | | | | | | | | 3 859 | | |
| District Municipality: | | – | – | – | – | – | – | – | – | – |
| <i>[insert description]</i> | | | | | | | | | | |
| Other grant providers: | | – | – | – | – | – | – | 7 850 | – | – |
| <i>Department Of Water Affairs</i> | | | | | | | | 7 850 | | |
| Total capital expenditure of Transfers and Grants | | 4 732 | 12 634 | 15 598 | 15 598 | 15 598 | 18 663 | 29 085 | 13 491 | 13 692 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | 30 290 | 44 716 | 51 126 | 51 126 | 51 126 | 58 145 | 69 825 | 55 460 | 57 123 |

The process of tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

It must also be appreciated that the consumer price index, as measured by the CPI, is not a good measure of the cost to increases of goods and services relevant to municipalities. The food basket of goods and services utilised in the calculation of the CPI consists of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water and electricity, fuel, chemicals, cement, etc. The current challenges facing the municipality is managing the gap between the cost drivers and tariffs levied, as any shortfall must be factored in either by operational efficiency gains or service level reductions. This adds to the contributing factors that the tariffs mentioned above have to increase beyond the official inflation rate of the Reserve Bank.

Within this framework, the municipality has undertaken the tariff setting process relating to service charges as follows, Refer to **Annexure C** for all the relevant tariffs applicable to the 2013/14 financial year

1.4.1 Property rates

Cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The implementation of the Property Rates is regulated in terms of the Municipal Property Rates Act, and the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The categories of rateable properties for the purpose of levying rates and the rates for the 2013/14 financial year based on a 5.6 per cent increase from 1 July 2013 as contained in the attached Annexure C no 1.

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, it is necessary to carefully review the level and structure of the water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014. A tariff increase of 5.6 per cent from 1 July 2013 for water is proposed. This is based on input cost assumptions of 10 per cent increase in the cost of bulk water. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents. The municipality is currently levying water supplied by the water board (Bloem Water) and using boreholes in one of its towns (Vanstadensrus). The municipality is seized with the challenge of ensuring that the maintenance of the water infrastructure is factored in the tariffs, at the present moment distribution losses are negatively affecting anticipated revenues which could be realised between the cost and sales of water.

Annexure C shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house: A summary of the proposed water tariffs for households (residential) and non-residential are shown in Annexure C.

1.4.3 Sale of Electricity and impact of Tariff increase.

Naledi Municipality maintains a Service Delivery Agreement (SDA) with Centlec (a Municipal Entity which is an electricity distribution utility). The municipality did not have capacity to provide electricity services to its communities and this informed a need to enter into an SDA with the service provider. However, in terms of the SDA the electricity tariffs must be set by the municipality, in association with Centlec through the normal planning and budgeting process. Electricity budget was only included from the 2013/14 and MTREF and this has resulted in the marginal increment to the total operational revenue.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the municipality. The proper repairs and maintenance and upgrading of the reticulation network is a strategic priority, especially the sub-stations and transmission lines. Lack of proper town planning that result in new settlement compounds the challenges affecting the existing reticulation network and hence a need for upgrading and regular maintenance.

The approved budgets for the electricity can only be used for certain committed upgrade projects and to strengthen critical infrastructure (e.g. Sub-station without back-up supply). Owing to the high increases in Eskom tariffs, it is apparent that it remains a challenge to maintain high levels of maintenance and upgrades by means of increasing electricity tariff that factor in both issues as the resultant tariff increase will not be affordable to the consumers. It is therefore proposed that a long term sustainable solution as a strategy for funding the infrastructure to consider spreading the burden in the 2013/14 financial period, over the MTREF period to coincide with the life span of the assets being upgraded.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 5.6 per cent for sanitation from 1 July 2013 is proposed. This is based on the input cost assumptions related to water. Sanitation charges are calculated according to the percentage water discharged as indicated in the Annexure C no 10; free sanitation will be applicable to registered indigents. Annexure C no 10 shows the comparison between current sanitation charges and increases.

1.4.5 Waste Removal and Impact of Tariff increases.

Annexure C no 10 shows the comparison between the current and proposed amounts payable from 1 July 2013. A tariff increase of 5.6 per cent for sanitation from 1 July 2013 is proposed. Waste charges are calculated according to the percentage of Waste Removal discharged as indicated in the table below. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long term. The municipality must place more emphasis on the cost driver affecting the provision of this service, and this includes but not limited to repairs and maintenance on vehicles, increase in general expenditure such as petrol and diesel and the cost of remuneration. There is a need to investigate the cost structure of solid waste as well as consideration of alternative service delivery models. The outcome of the investigation will be investigated into the next planning cycle.

1.4.6 Other tariff increases.

Annexure C compares current and proposed tariffs for all other services

1.5 Operating Expenditure Framework

The Municipal expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 4 - Summary of operating expenditure by standard classification.

| Description R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | 20 817 | 22 534 | 22 972 | 26 748 | 24 905 | 24 905 | – | 27 843 | 29 617 | 31 378 |
| Remuneration of councillors | | 1 313 | 1 564 | 1 827 | 1 797 | 1 818 | 1 818 | | 1 818 | 1 818 | 1 818 |
| Debt impairment | 3 | – | 3 865 | 718 | – | – | – | | 5 000 | 5 000 | 5 000 |
| Depreciation & asset impairment | 2 | 311 | 26 487 | 19 138 | 19 138 | 19 138 | 19 138 | – | 1 500 | 1 500 | 1 500 |
| Finance charges | | 129 | – | – | 120 | 82 | 82 | | 55 | 58 | 61 |
| Bulk purchases | 2 | 13 022 | 4 721 | 6 000 | 23 097 | 29 097 | 29 097 | – | 32 171 | 38 210 | 38 749 |
| Other materials | 8 | 967 | – | – | – | – | – | – | – | – | – |
| Contracted services | | – | – | – | 1 300 | 2 396 | 2 396 | – | 2 530 | 2 667 | 2 811 |
| Transfers and grants | | – | – | – | – | – | – | – | – | – | – |
| Other expenditure | 4, 5 | 6 503 | 23 833 | 15 751 | 21 685 | 24 018 | 24 018 | – | 15 436 | 15 581 | 15 686 |
| Loss on disposal of PPE | | – | – | – | – | – | – | – | – | – | – |
| Total Expenditure | | 43 061 | 83 004 | 66 406 | 93 885 | 101 454 | 101 454 | – | 86 353 | 94 450 | 97 003 |

1.5.1 Employee related costs

The budgeted allocation for employee related costs for the 2013/14 financial year totals R29 661 million, which equals 34 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.85 per cent for the 2013/14 financial year and a 6.4 per cent increase for each of the two outer years of the MTREF. As part of the Municipal cost reprioritization and cash management strategy not all vacancies could be filled. However, the municipality had to respond to an outstanding bargaining council outcome that compels the municipality to fill certain posts within the corporate management unit and the office of the municipal manager. In addition, the Auditor General has raised audit queries over the filling of posts in the budget and treasury unit, including the creation of a fully-fledged Supply Chain Management unit.

1.5.2 Remuneration of Councillors

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipal budget.

1.5.3 Debt impairment

The municipality has been under-budgeting for debt impairment over the past years and during the budget bilateral with the Provincial Treasury, it was brought to the attention of the municipality that the item should be reasonably budgeted. In responding, for the budget year 2013/14, the budget was increased with an amount of R5 million compared to a budgeted amount of R12 199 million in the 2012/13 financial period. After the clean-up and the write off of the system, the current total debtors is R37 million. The municipality is currently collecting approximately 25% from outstanding debtors; the implementation of an effective revenue management strategy will assist the municipality to increase its recovery rate to at least 50% (i.e. Conservative figure subject to realistic socio-economic imperatives affecting the area).

In addition, the development and proper implementation of a Debt Write-off policy, as well as a Credit and Debt collection management policy, will also assist the municipality to recover relatively more from outstanding debtors. While the expenditure is considered to be a non-cash flow item, it informs the total cost associated with the rendering of services to the municipality as well as the municipality's realistically anticipated revenues.

1.5.4 Depreciation & asset impairment

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management policy. In addition, consideration has also been given to our ageing asset infrastructure and inadequate repairs and maintenance over the years. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriation in this regard total R1 5 million for the 2013/14 financial year, a decrease of 12% from the previous year and it constitutes 2% of the total operating expenditure. The implementation of the conversion to GRAP 17 accounting standards has meant bringing in a range of assets previously not included in the asset register, it has to be noted that the municipality is in the process of finalising its infrastructure asset bundling in the 2012/13 financial year, this is to

give a true and factual reflection of the actual cost of asset and the subsequent requirement to properly budget realistically for depreciation and asset impairment.

1.5.5 Bulk purchases

Bulk purchases are directly informed by the purchase of Water from Bloem Water. The outstanding amounts owed and the annual price increases have been factored in the budget appropriation and are directly informing the revenue provisions. The expenditure relatively caters for distribution losses on water.

1.5.6 Contracted Services

Contracted service includes the two items of Equipment rental and Insurance.

1.5.7 Other Expenditure

Other expenditure comprises of general expenses which includes among others, audit fees, fuel, diesel, bank charges, printing and stationery, etc.

Table 4.1 - Main Operational Expenditure categories for 2013/14 expressed as a percentage

| Expenditure Category | Amounts - R'000 | % of total budget |
|-----------------------------------|-----------------|-------------------|
| Employee Cost | 27 843 | 32% |
| Remuneration of councillors | 1 818 | 2% |
| Debt Impairment | 5 000 | 6% |
| Depreciation and asset impairment | 1 500 | 2% |
| Finance Charges | 55 | 0% |
| Bulk purchases | 32 171 | 37% |
| Contracted services | 2 530 | 4% |
| Other expenditure | 15 436 | 17% |
| Total expenditure | 86 353 | 100% |

1.5.8 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipal current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance. The other expenditure includes amongst others materials for maintenance, cleaning materials and chemicals, etc.

Table 5 - Operational repairs and maintenance

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | | |
| Repairs and Maintenance by Expenditure Item | 8 | | | | | | | | | | |
| Employee related costs | | | | | | | | | | | |
| Other materials | | | | | | | | | | | |
| Contracted Services | | | | | | | | | | | |
| Other Expenditure | | 1 800 | 804 | 2 291 | 1 175 | 1 199 | 1 199 | | 1 231 | 1 295 | 1 370 |
| Total Repairs and Maintenance Expenditure | 9 | 1 800 | 804 | 2 291 | 1 175 | 1 199 | 1 199 | - | 1 231 | 1 295 | 1 370 |

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the municipality's infrastructure and historic deferred maintenance. The other expenditure increased by R2 037 thousand between the previous adjusted annual budget for the financial year 2012/13 and the current financial year of 2013/14. The item of operational repairs shows a marginal increase over the MTREF period, showing a marginal increase of R64 thousand for 2013/14 and R75 thousand for the outer years. This strategic imperative remains a priority as can be seen by the budget appropriation over the MTREF. The need to increase budget appropriation for repairs and maintenance is constrained by inadequate financial resources experienced by the municipality.

1.5.9 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipal Indigent Policy. The target is to register 5 000 or more indigent households during the 2013/14 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

Table 6 – (A5) Budget Capital Expenditure by Vote, Standard classification and Funding

| Vote Description R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Single-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 – Council | | 30 | 37 | – | – | – | – | – | 50 | 53 | 55 |
| Vote 2 - Budget and Treasury | | 40 | 350 | – | – | – | – | – | 150 | 150 | 150 |
| Vote 3 - Corporate Services | | 480 | – | 6 222 | – | – | – | – | – | – | – |
| Vote 4 - Technical Services | | 123 033 | 11 764 | 9 375 | 17 803 | 18 655 | 18 655 | – | 29 138 | 14 547 | 15 431 |
| Vote 5 - Planning and Development | | 517 | – | – | – | – | – | – | – | – | – |
| Vote 6 - [NAME OF VOTE 6] | | – | – | – | – | – | – | – | – | – | – |
| Vote 7 - [NAME OF VOTE 7] | | – | – | – | – | – | – | – | – | – | – |
| Vote 8 - [NAME OF VOTE 8] | | – | – | – | – | – | – | – | – | – | – |
| Vote 9 - [NAME OF VOTE 9] | | – | – | – | – | – | – | – | – | – | – |
| Vote 10 - [NAME OF VOTE 10] | | – | – | – | – | – | – | – | – | – | – |
| Vote 11 - [NAME OF VOTE 11] | | – | – | – | – | – | – | – | – | – | – |
| Vote 12 - [NAME OF VOTE 12] | | – | – | – | – | – | – | – | – | – | – |
| Vote 13 - [NAME OF VOTE 13] | | – | – | – | – | – | – | – | – | – | – |
| Vote 14 - [NAME OF VOTE 14] | | – | – | – | – | – | – | – | – | – | – |
| Vote 15 - [NAME OF VOTE 15] | | – | – | – | – | – | – | – | – | – | – |
| Capital single-year expenditure sub-total | | 124 100 | 12 151 | 15 597 | 17 803 | 18 655 | 18 655 | – | 29 338 | 14 749 | 15 636 |
| Total Capital Expenditure - Vote | | 124 100 | 12 151 | 15 597 | 17 803 | 18 655 | 18 655 | – | 29 338 | 14 749 | 15 636 |



For the 2013/14 financial year an amount of R 29 085 million has been appropriated for the development of infrastructure of the total capital expenditure. The two outer year's totals amount to R 14 749 million and R15 635 million respectively

Table 6.1 - Break down of budgeted capital expenditure for 2013/14

| Project Name | Funding | Budgeted Amount |
|----------------------------------|---------------------|-------------------|
| Paving of Internal street | EPWP | 1 000 000 |
| Waste Water Treatment Sewerage | MIG | 409 806 |
| Construction of Sports Facility | MIG | 2 481 692 |
| Households Electrification | INEG | 81 000 |
| Elevated Tanks | MIG | 10 288 681 |
| Installation of water meters | MIG | 2 300 000 |
| Water Affairs | Water Affairs Grant | 3 859 000 |
| Water Affairs | Water Affairs | 7 850 000 |
| PMU | MIG | 814 750 |
| TOTAL CAPITAL EXPENDITURE | | 29 084 929 |

1.7 Annual Budget Tables

The following tables present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/2014 budget and MTREF as approved by the Council

Table 7 – (A1) Budget Summary

| Description R thousands | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Financial Performance | | | | | | | | | | |
| Property rates | – | 2 355 | 2 547 | 5 791 | 8 467 | 8 467 | – | 4 272 | 4 503 | 4 746 |
| Service charges | 17 274 | 8 222 | 8 833 | 6 281 | 7 278 | 7 278 | – | 33 303 | 35 239 | 35 834 |
| Investment revenue | 5 | – | – | – | – | – | – | 136 | 143 | 151 |
| Transfers recognised – operational | 30 290 | 35 625 | 35 528 | 39 482 | 39 482 | 39 482 | – | 40 740 | 41 969 | 43 431 |
| Other own revenue | 4 142 | 2 190 | 1 963 | 26 830 | 28 883 | 28 883 | – | 8 226 | 12 624 | 12 965 |
| Total Revenue (excluding capital transfers and contributions) | 51 711 | 48 392 | 48 871 | 78 384 | 84 110 | 84 110 | – | 86 677 | 94 478 | 97 128 |
| Employee costs | 20 817 | 22 534 | 22 972 | 26 748 | 24 905 | 24 905 | – | 27 843 | 29 617 | 31 378 |
| Remuneration of councillors | 1 313 | 1 564 | 1 827 | 1 797 | 1 818 | 1 818 | – | 1 818 | 1 818 | 1 818 |
| Depreciation & asset impairment | 311 | 26 487 | 19 138 | 19 138 | 19 138 | 19 138 | – | 1 500 | 1 500 | 1 500 |
| Finance charges | 129 | – | – | 120 | 82 | 82 | – | 55 | 58 | 61 |
| Materials and bulk purchases | 13 989 | 4 721 | 6 000 | 23 097 | 29 097 | 29 097 | – | 32 171 | 38 210 | 38 749 |
| Transfers and grants | – | – | – | – | – | – | – | – | – | – |
| Other expenditure | 6 503 | 27 698 | 16 469 | 22 985 | 26 414 | 26 414 | – | 22 966 | 23 248 | 23 496 |
| Total Expenditure | 43 061 | 83 004 | 66 406 | 93 885 | 101 454 | 101 454 | – | 86 353 | 94 450 | 97 003 |
| Surplus/(Deficit) | 8 650 | (34 612) | (17 535) | (15 501) | (17 344) | (17 344) | – | 325 | 27 | 125 |
| Transfers recognised – capital | 4 732 | 12 634 | 15 597 | 18 663 | 18 663 | 18 663 | – | 29 337 | 14 749 | 15 636 |



| | | | | | | | | | | |
|--|-----------------|----------|---------|---------|----------|----------|-------|----------|----------|----------|
| Contributions recognised - capital & contributed assets | – | – | – | – | – | – | – | (29 337) | (14 749) | (15 636) |
| Surplus/(Deficit) after capital transfers & contributions | 13 382 | (21 978) | (1 938) | 3 162 | 1 319 | 1 319 | – | 325 | 27 | 125 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) for the year | 13 382 | (21 978) | (1 938) | 3 162 | 1 319 | 1 319 | – | 325 | 27 | 125 |
| <u>Capital expenditure & funds sources</u> | | | | | | | | | | |
| Capital expenditure | 14 262 | 10 185 | 20 130 | 16 797 | 15 597 | 15 597 | – | 29 338 | 14 749 | 15 636 |
| Transfers recognised – capital | 4 732 | 12 634 | 15 598 | 18 663 | 18 663 | 18 663 | – | 29 235 | 14 641 | 15 522 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | – |
| Borrowing | – | – | – | – | – | – | – | – | – | – |
| Internally generated funds | – | – | – | – | – | – | – | 103 | 108 | 114 |
| Total sources of capital funds | 4 732 | 12 634 | 15 598 | 18 663 | 18 663 | 18 663 | – | 29 338 | 14 749 | 15 636 |
| <u>Financial position</u> | | | | | | | | | | |
| Total current assets | 30 531 | (10 908) | 13 580 | 4 559 | 4 559 | 4 559 | – | 24 809 | 26 809 | 27 809 |
| Total non current assets | 170 545 | 248 364 | 254 382 | 254 382 | 254 382 | 254 382 | – | 272 020 | 272 020 | 272 020 |
| Total current liabilities | 52 530 | 34 132 | 26 301 | 27 670 | 27 670 | 27 670 | – | 27 670 | 27 670 | 27 670 |
| Total non current liabilities | 765 | 984 | 423 | 423 | 423 | 423 | – | 423 | 423 | 423 |
| Community wealth/Equity | 145 726 | 28 237 | 28 306 | 28 306 | 28 306 | 28 306 | – | 28 306 | 28 306 | 28 306 |
| <u>Cash flows</u> | | | | | | | | | | |
| Net cash from (used) operating | (28 972) | 2 319 | 10 775 | (6 225) | (10 121) | (10 121) | – | 21 338 | 2 050 | 2 686 |
| Net cash from (used) investing | (15 232) | 12 634 | 15 598 | 18 663 | 18 663 | 18 663 | – | 29 338 | 14 749 | 15 636 |
| Net cash from (used) financing | (1 562) | – | – | – | – | – | – | – | – | – |
| Cash/cash equivalents at the year end | (46 362) | (31 409) | (5 036) | 16 815 | 12 919 | 12 919 | 4 377 | 57 218 | 74 017 | 92 339 |
| <u>Cash backing/surplus reconciliation</u> | | | | | | | | | | |



| | | | | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|----------------|-----------------|----------------|
| Cash and investments available | 978 | (12 116) | (12 171) | (12 191) | (12 191) | (12 191) | - | (12 191) | (12 191) | (12 191) |
| Application of cash and investments | 52 416 | 32 817 | 2 017 | 22 358 | 21 646 | 21 646 | - | (2 802) | (2 045) | (2 761) |
| Balance - surplus (shortfall) | (51 439) | (44 932) | (14 188) | (34 549) | (33 837) | (33 837) | - | (9 389) | (10 146) | (9 430) |
| <u>Asset management</u> | | | | | | | | | | |
| Asset register summary (WDV) | - | - | - | - | - | - | - | - | - | - |
| Depreciation & asset impairment | 311 | 26 487 | 19 138 | 19 138 | 19 138 | 19 138 | 1 500 | 1 500 | 1 500 | 1 500 |
| Renewal of Existing Assets | - | - | - | - | - | - | - | - | - | - |
| Repairs and Maintenance | 1 369 | 1 396 | 878 | 2 278 | - | 1 175 | 1 236 | 1 236 | 1 308 | 1 219 |
| <u>Free services</u> | | | | | | | | | | |
| Cost of Free Basic Services provided | 19 740 | 21 512 | 22 908 | 22 908 | 22 908 | 22 908 | 22 908 | 22 908 | 22 908 | 22 908 |
| Revenue cost of free services provided | - | - | - | - | - | - | - | - | - | - |
| <u>Households below minimum service level</u> | | | | | | | | | | |
| Water: | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sanitation/sewerage: | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Energy: | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Refuse: | - | - | - | - | - | - | - | - | - | - |

Table 8 - (A2) Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue – Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 7 610 | 28 230 | 27 480 | 39 162 | 43 773 | 43 773 | 40 209 | 41 637 | 43 239 |
| Executive and council | | 3 828 | 10 669 | 8 206 | 12 801 | 17 220 | 17 220 | 13 262 | 13 923 | 14 669 |
| Budget and treasury office | | 3 782 | 12 925 | 14 061 | 20 050 | 20 097 | 20 097 | 20 487 | 21 222 | 21 855 |
| Corporate services | | – | 4 636 | 5 213 | 6 311 | 6 457 | 6 457 | 6 460 | 6 491 | 6 716 |
| <i>Community and public safety</i> | | 10 545 | 4 972 | 10 161 | 7 955 | 8 620 | 8 620 | 5 898 | 5 225 | 3 633 |
| Community and social services | | 9 124 | 3 137 | 8 890 | 6 765 | 8 277 | 8 277 | 5 543 | 4 857 | 3 251 |
| Sport and recreation | | 143 | – | – | – | – | – | – | – | – |
| Public safety | | – | 81 | 90 | 100 | 100 | 100 | 103 | 106 | 109 |
| Housing | | 1 278 | 254 | 272 | 204 | 242 | 242 | 252 | 262 | 273 |
| Health | | – | 1 500 | 909 | 886 | – | – | – | – | – |
| <i>Economic and environmental services</i> | | 3 403 | 10 891 | 5 993 | 6 341 | 8 495 | 8 495 | 5 936 | 12 263 | 19 829 |
| Planning and development | | – | 631 | 776 | 849 | 849 | 849 | 915 | 942 | 962 |
| Road transport | | 3 403 | 10 260 | 5 217 | 5 492 | 7 646 | 7 646 | 5 021 | 11 321 | 18 867 |
| Environmental protection | | – | – | – | – | – | – | – | – | – |
| <i>Trading services</i> | | 23 299 | 16 935 | 20 834 | 47 098 | 46 835 | 46 835 | 63 972 | 50 103 | 46 063 |
| Electricity | | 13 732 | 209 | 233 | 19 931 | 19 931 | 19 931 | 23 303 | 28 593 | 28 607 |
| Water | | 3 190 | 9 287 | 8 992 | 17 289 | 18 699 | 18 699 | 24 048 | 12 750 | 8 267 |
| Waste water management | | 3 743 | 4 305 | 8 232 | 6 166 | 5 340 | 5 340 | 12 738 | 4 701 | 4 940 |
| Waste management | | 2 634 | 3 134 | 3 377 | 3 712 | 2 865 | 2 865 | 3 883 | 4 058 | 4 249 |
| <i>Other</i> | 4 | – | – | – | – | – | – | – | – | – |
| Total Revenue – Standard | 2 | 44 857 | 61 028 | 64 468 | 100 556 | 107 723 | 107 723 | 116 015 | 109 227 | 112 764 |
| Expenditure – Standard | - | | | | | | | | | |
| <i>Governance and administration</i> | | 10 265 | 25 294 | 25 999 | 42 743 | 44 430 | 44 431 | 39 292 | 41 127 | 42 224 |
| Executive and council | | 7 595 | 13 231 | 10 213 | 24 165 | 24 723 | 24 723 | 17 516 | 18 045 | 18 576 |
| Budget and treasury office | | 2 670 | 8 937 | 10 245 | 11 316 | 12 917 | 12 917 | 14 380 | 15 435 | 15 814 |
| Corporate services | | – | 3 126 | 5 541 | 7 262 | 6 790 | 6 790 | 7 397 | 7 647 | 7 833 |
| <i>Community and public safety</i> | | 10 627 | 5 465 | 10 135 | 7 674 | 6 606 | 6 606 | 7 106 | 6 189 | 4 737 |
| Community and social services | | 10 222 | 3 780 | 8 923 | 6 341 | 5 312 | 5 312 | 5 543 | 4 862 | 3 340 |
| Sport and recreation | | 224 | – | – | – | – | – | – | – | – |
| Public safety | | – | 52 | 53 | 160 | 520 | 520 | 249 | 212 | 215 |



| | | | | | | | | | | |
|--|---|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Housing | | 181 | 233 | 250 | 287 | 244 | 244 | 531 | 512 | 543 |
| Health | | – | 1 400 | 909 | 886 | 531 | 531 | 782 | 603 | 639 |
| Economic and environmental services | | 2 295 | 9 383 | 3 542 | 5 743 | 7 358 | 7 358 | 4 883 | 10 972 | 18 573 |
| Planning and development | | – | 280 | 390 | 880 | 547 | 547 | 1 025 | 853 | 871 |
| Road transport | | 2 295 | 9 103 | 3 152 | 4 863 | 6 811 | 6 811 | 3 858 | 10 119 | 17 702 |
| Environmental protection | | – | – | – | – | – | – | – | – | – |
| Trading services | | 22 537 | 20 876 | 24 738 | 42 457 | 49 233 | 49 233 | 64 410 | 50 911 | 47 105 |
| Electricity | | 12 576 | 524 | 825 | 18 347 | 18 273 | 18 273 | 23 300 | 28 860 | 28 895 |
| Water | | 6 512 | 11 767 | 11 729 | 18 172 | 23 041 | 23 041 | 28 286 | 17 195 | 13 061 |
| Waste water management | | 2 400 | 5 321 | 9 585 | 4 688 | 6 311 | 6 311 | 10 969 | 2 881 | 3 054 |
| Waste management | | 1 049 | 3 264 | 2 599 | 1 250 | 1 608 | 1 608 | 1 855 | 1 975 | 2 096 |
| Other | 4 | – | – | – | – | – | – | – | – | – |
| Total Expenditure - Standard | 3 | 45 725 | 61 018 | 64 414 | 98 617 | 107 628 | 107 628 | 115 691 | 109 199 | 112 639 |
| Surplus/(Deficit) for the year | | (867) | 10 | 54 | 1 939 | 96 | 96 | 324 | 28 | 125 |

Table 9 – (A2A) Budgeted Financial Performance (revenue and expenditure by Standard Classification)

| Standard Classification Description R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue – Standard | | | | | | | | | | |
| <i>Municipal governance and administration</i> | | 7 610 | 28 230 | 27 480 | 39 162 | 43 773 | 43 773 | 40 209 | 41 637 | 43 239 |
| Executive and council | | 3 828 | 10 669 | 8 206 | 12 801 | 17 220 | 17 220 | 13 262 | 13 923 | 14 669 |
| <i>Mayor and Council</i> | | 3 828 | 10 669 | 8 206 | 12 801 | 17 220 | 17 220 | 13 262 | 13 923 | 14 669 |
| <i>Municipal Manager</i> | | | | | | | | | | |
| Budget and treasury office | | 3 782 | 12 925 | 14 061 | 20 050 | 20 097 | 20 097 | 20 487 | 21 222 | 21 855 |
| Corporate services | | – | 4 636 | 5 213 | 6 311 | 6 457 | 6 457 | 6 460 | 6 491 | 6 716 |
| <i>Human Resources</i> | | | | 2 635 | 3 363 | 3 460 | 3 460 | 3 444 | 3 553 | 3 689 |
| <i>Information Technology</i> | | | | | | | | | | |
| <i>Property Services</i> | | – | 227 | 226 | 186 | 235 | 235 | 248 | 261 | 274 |
| <i>Other Admin</i> | | – | 4 409 | 2 352 | 2 762 | 2 762 | 2 762 | 2 768 | 2 677 | 2 752 |
| <i>Community and public safety</i> | | 10 545 | 4 972 | 10 161 | 7 955 | 8 620 | 8 620 | 5 898 | 5 225 | 3 633 |
| Community and social services | | 9 124 | 3 137 | 8 890 | 6 765 | 8 277 | 8 277 | 5 543 | 4 857 | 3 251 |
| <i>Libraries and Archives</i> | | – | 565 | 629 | 703 | 703 | 703 | 722 | 742 | 766 |
| <i>Museums & Art Galleries etc</i> | | | | | | | | | | |
| <i>Community halls and Facilities</i> | | – | 71 | 71 | 89 | 104 | 104 | 108 | 112 | 116 |
| <i>Cemeteries & Crematoriums</i> | | – | 2 471 | 8 190 | 5 973 | 7 470 | 7 470 | 4 713 | 4 004 | 2 369 |
| <i>Child Care</i> | | | | | | | | | | |
| <i>Aged Care</i> | | | | | | | | | | |
| <i>Other Community</i> | | 9 124 | 30 | | – | | | | | |
| <i>Other Social</i> | | | | | | | | | | |
| Sport and recreation | | 143 | | | | | | | | |
| Public safety | | – | 81 | 90 | 100 | 100 | 100 | 103 | 106 | 109 |
| <i>Police</i> | | | | | | | | | | |
| <i>Fire</i> | | – | 81 | 90 | 100 | 100 | 100 | 103 | 106 | 109 |
| <i>Civil Defence</i> | | | | | | | | | | |
| <i>Street Lighting</i> | | | | | | | | | | |
| <i>Other</i> | | | | | | | | | | |
| Housing | | 1 278 | 254 | 272 | 204 | 242 | 242 | 252 | 262 | 273 |
| Health | | – | 1 500 | 909 | 886 | – | – | – | – | – |
| <i>Clinics</i> | | | | | | | | | | |



| | | | | | | | | | | |
|-------------------------------------|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|
| Ambulance | | | | | | | | | | |
| Other | – | 1 500 | 909 | 886 | – | – | – | – | – | |
| Economic and environmental services | 3 403 | 10 891 | 5 993 | 6 341 | 8 495 | 8 495 | 5 936 | 12 263 | 19 829 | |
| Planning and development | – | 631 | 776 | 849 | 849 | 849 | 915 | 942 | 962 | |
| Economic Development/Planning | – | 631 | 776 | 849 | 849 | 849 | 915 | 942 | 962 | |
| Town Planning/Building | | | | | | | | | | |
| enforcement | | | | | | | | | | |
| Licensing & Regulation | | | | | | | | | | |
| Road transport | 3 403 | 10 260 | 5 217 | 5 492 | 7 646 | 7 646 | 5 021 | 11 321 | 18 867 | |
| Roads | 3 403 | 10 260 | 5 217 | 5 455 | 7 609 | 7 609 | 4 983 | 11 282 | 18 826 | |
| Public Buses | | | | | | | | | | |
| Parking Garages | | | | | | | | | | |
| Vehicle Licensing and Testing | | | | | | | | | | |
| Other | | | | 37 | 37 | 37 | 38 | 39 | 41 | |
| Environmental protection | – | – | – | – | – | – | – | – | – | |
| Pollution Control | | | | | | | | | | |
| Biodiversity & Landscape | | | | | | | | | | |
| Other | | | | | | | | | | |
| Trading services | 23 299 | 16 935 | 20 834 | 47 098 | 46 835 | 46 835 | 63 972 | 50 103 | 46 063 | |
| Electricity | 13 732 | 209 | 233 | 19 931 | 19 931 | 19 931 | 23 303 | 28 593 | 28 607 | |
| Electricity Distribution | 13 732 | 209 | 233 | 19 931 | 19 931 | 19 931 | 23 303 | 28 593 | 28 607 | |
| Electricity Generation | | | | | | | | | | |
| Water | 3 190 | 9 287 | 8 992 | 17 289 | 18 699 | 18 699 | 24 048 | 12 750 | 8 267 | |
| Water Distribution | 3 190 | 9 287 | 8 992 | 17 289 | 18 699 | 18 699 | 24 048 | 12 750 | 8 267 | |
| Water Storage | | | | | | | | | | |
| Waste water management | 3 743 | 4 305 | 8 232 | 6 166 | 5 340 | 5 340 | 12 738 | 4 701 | 4 940 | |
| Sewerage | 3 743 | 4 305 | 8 232 | 6 166 | 5 340 | 5 340 | 12 738 | 4 701 | 4 940 | |
| Storm Water Management | | | | | | | | | | |
| Public Toilets | | | | | | | | | | |
| Waste management | 2 634 | 3 134 | 3 377 | 3 712 | 2 865 | 2 865 | 3 883 | 4 058 | 4 249 | |
| Solid Waste | 2 634 | 3 134 | 3 377 | 3 712 | 2 865 | 2 865 | 3 883 | 4 058 | 4 249 | |
| Other | – | – | – | – | – | – | – | – | – | |
| Air Transport | | | | | | | | | | |
| Abattoirs | | | | | | | | | | |
| Tourism | | | | | | | | | | |
| Forestry | | | | | | | | | | |
| Markets | | | | | | | | | | |
| Total Revenue – Standard | 2 | 44 857 | 61 028 | 64 468 | 100 556 | 107 723 | 107 723 | 116 015 | 109 227 | 112 764 |



| | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Expenditure – Standard | | | | | | | | | |
| <i>Municipal governance and administration</i> | 10 265 | 25 294 | 25 999 | 42 743 | 44 430 | 44 431 | 39 292 | 41 127 | 42 224 |
| Executive and council | 7 595 | 13 231 | 10 213 | 24 165 | 24 723 | 24 723 | 17 516 | 18 045 | 18 576 |
| <i>Mayor and Council</i> | 7 595 | 13 231 | 10 213 | 24 165 | 24 723 | 24 723 | 17 516 | 18 045 | 18 576 |
| <i>Municipal Manager</i> | | | | | | | | | |
| Budget and treasury office | 2 670 | 8 937 | 10 245 | 11 316 | 12 917 | 12 917 | 14 380 | 15 435 | 15 814 |
| Corporate services | – | 3 126 | 5 541 | 7 262 | 6 790 | 6 790 | 7 397 | 7 647 | 7 833 |
| <i>Human Resources</i> | | | 2 525 | 4 043 | 3 491 | 3 491 | 3 916 | 4 140 | 4 147 |
| <i>Information Technology</i> | | | | | | | | | |
| <i>Property Services</i> | – | 51 | 253 | 100 | 51 | 51 | – | – | – |
| <i>Other Admin</i> | – | 3 075 | 2 763 | 3 119 | 3 248 | 3 248 | 3 481 | 3 507 | 3 686 |
| <i>Community and public safety</i> | 10 627 | 5 465 | 10 135 | 7 674 | 6 606 | 6 606 | 7 106 | 6 189 | 4 737 |
| Community and social services | 10 222 | 3 780 | 8 923 | 6 341 | 5 312 | 5 312 | 5 543 | 4 862 | 3 340 |
| <i>Libraries and Archives</i> | – | 891 | 762 | 800 | 850 | 850 | 1 018 | 977 | 1 036 |
| <i>Museums & Art Galleries etc</i> | | | | | | | | | |
| <i>Community halls and Facilities</i> | – | 58 | 61 | 60 | 30 | 30 | 31 | 33 | 35 |
| <i>Cemeteries & Crematoriums</i> | – | 2 619 | 8 100 | 5 481 | 4 433 | 4 433 | 4 494 | 3 852 | 2 269 |
| <i>Child Care</i> | | | | | | | | | |
| <i>Aged Care</i> | | | | | | | | | |
| <i>Other Community</i> | 10 222 | 212 | – | | | | | | |
| <i>Other Social</i> | | | | | | | | | |
| Sport and recreation | 224 | | | | | | | | |
| Public safety | – | 52 | 53 | 160 | 520 | 520 | 249 | 212 | 215 |
| <i>Police</i> | | | | | | | | | |
| <i>Fire</i> | – | 52 | 53 | 160 | 520 | 520 | 249 | 212 | 215 |
| <i>Civil Defence</i> | | | | | | | | | |
| <i>Street Lighting</i> | | | | | | | | | |
| <i>Other</i> | | | | | | | | | |
| Housing | 181 | 233 | 250 | 287 | 244 | 244 | 531 | 512 | 543 |
| Health | – | 1 400 | 909 | 886 | 531 | 531 | 782 | 603 | 639 |
| <i>Clinics</i> | | | | | | | | | |
| <i>Ambulance</i> | | | | | | | | | |
| <i>Other</i> | – | 1 400 | 909 | 886 | 531 | 531 | 782 | 603 | 639 |
| <i>Economic and environmental services</i> | 2 295 | 9 383 | 3 542 | 5 743 | 7 358 | 7 358 | 4 883 | 10 972 | 18 573 |
| Planning and development | – | 280 | 390 | 880 | 547 | 547 | 1 025 | 853 | 871 |
| <i>Economic Development/Planning</i> | – | 280 | 390 | 880 | 547 | 547 | 1 025 | 853 | 871 |
| <i>Town Planning/Building</i> | | | | | | | | | |
| enforcement | | | | | | | | | |
| <i>Licensing & Regulation</i> | | | | | | | | | |



| | | | | | | | | | | |
|---------------------------------------|---|--------|--------|--------|--------|---------|---------|---------|---------|---------|
| Road transport | - | 2 295 | 9 103 | 3 152 | 4 863 | 6 811 | 6 811 | 3 858 | 10 119 | 17 702 |
| <i>Roads</i> | - | 2 295 | 9 103 | 3 152 | 4 612 | 6 551 | 6 551 | 3 581 | 9 824 | 17 389 |
| <i>Public Buses</i> | - | | | | | | | | | |
| <i>Parking Garages</i> | - | | | | | | | | | |
| <i>Vehicle Licensing and Testing</i> | - | | | | | | | | | |
| <i>Other</i> | - | | | | 251 | 260 | 260 | 277 | 295 | 313 |
| Environmental protection | - | - | - | - | - | - | - | - | - | - |
| <i>Pollution Control</i> | - | | | | | | | | | |
| <i>Biodiversity & Landscape</i> | - | | | | | | | | | |
| <i>Other</i> | - | | | | | | | | | |
| <i>Trading services</i> | - | 22 537 | 20 876 | 24 738 | 42 457 | 49 233 | 49 233 | 64 410 | 50 911 | 47 105 |
| Electricity | - | 12 576 | 524 | 825 | 18 347 | 18 273 | 18 273 | 23 300 | 28 860 | 28 895 |
| <i>Electricity Distribution</i> | - | 12 576 | 524 | 825 | 18 347 | 18 273 | 18 273 | 23 300 | 28 860 | 28 895 |
| <i>Electricity Generation</i> | - | | | | | | | | | |
| Water | - | 6 512 | 11 767 | 11 729 | 18 172 | 23 041 | 23 041 | 28 286 | 17 195 | 13 061 |
| <i>Water Distribution</i> | - | 6 512 | 11 767 | 11 729 | 18 172 | 23 041 | 23 041 | 28 286 | 17 195 | 13 061 |
| <i>Water Storage</i> | - | | | | | | | | | |
| Waste water management | - | 2 400 | 5 321 | 9 585 | 4 688 | 6 311 | 6 311 | 10 969 | 2 881 | 3 054 |
| <i>Sewerage</i> | - | 2 400 | 5 321 | 9 585 | 4 688 | 6 311 | 6 311 | 10 969 | 2 881 | 3 054 |
| <i>Storm Water Management</i> | - | | | | | | | | | |
| <i>Public Toilets</i> | - | | | | | | | | | |
| Waste management | - | 1 049 | 3 264 | 2 599 | 1 250 | 1 608 | 1 608 | 1 855 | 1 975 | 2 096 |
| <i>Solid Waste</i> | - | 1 049 | 3 264 | 2 599 | 1 250 | 1 608 | 1 608 | 1 855 | 1 975 | 2 096 |
| <i>Other</i> | - | - | - | - | - | - | - | - | - | - |
| Air Transport | - | | | | | | | | | |
| Abattoirs | - | | | | | | | | | |
| Tourism | - | | | | | | | | | |
| Forestry | - | | | | | | | | | |
| Markets | - | | | | | | | | | |
| Total Expenditure - Standard | 3 | 45 725 | 61 018 | 64 414 | 98 617 | 107 628 | 107 628 | 115 691 | 109 199 | 112 639 |
| Surplus/(Deficit) for the year | | (867) | 10 | 54 | 1 939 | 96 | 96 | 324 | 28 | 125 |

Table 10 – (A3) Budgeted Financial Performance (revenue and expenditure by municipal votes)

| Vote Description R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - Council | | 3 971 | 10 669 | 8 206 | 12 801 | 17 220 | 17 220 | 13 262 | 13 923 | 14 669 |
| Vote 2 - Budget and Treasury | | 3 782 | 12 924 | 14 061 | 20 050 | 20 097 | 20 097 | 20 487 | 21 222 | 21 855 |
| Vote 3 - Corporate Services | | 9 124 | 4 518 | 4 560 | 5 927 | 4 602 | 4 602 | 4 625 | 4 773 | 4 955 |
| Vote 4 - Technical Services | | 27 980 | 32 285 | 36 865 | 61 529 | 64 775 | 64 955 | 76 726 | 68 367 | 70 324 |
| Vote 5 - Planning and Development | | – | 631 | 776 | 849 | 849 | 849 | 915 | 942 | 962 |
| Vote 6 - [NAME OF VOTE 6] | | – | – | – | – | – | – | – | – | – |
| Vote 7 - [NAME OF VOTE 7] | | – | – | – | – | – | – | – | – | – |
| Vote 8 - [NAME OF VOTE 8] | | – | – | – | – | – | – | – | – | – |
| Vote 9 - [NAME OF VOTE 9] | | – | – | – | – | – | – | – | – | – |
| Vote 10 - [NAME OF VOTE 10] | | – | – | – | – | – | – | – | – | – |
| Vote 11 - [NAME OF VOTE 11] | | – | – | – | – | – | – | – | – | – |
| Vote 12 - [NAME OF VOTE 12] | | – | – | – | – | – | – | – | – | – |
| Vote 13 - [NAME OF VOTE 13] | | – | – | – | – | – | – | – | – | – |
| Vote 14 - [NAME OF VOTE 14] | | – | – | – | – | – | – | – | – | – |
| Vote 15 - [NAME OF VOTE 15] | | – | – | – | – | – | – | – | – | – |
| Total Revenue by Vote | 2 | 44 857 | 61 027 | 64 468 | 101 156 | 107 542 | 107 723 | 116 015 | 109 227 | 112 764 |
| Expenditure by Vote to be appropriated | 1 | | | | | | | | | |
| Vote 1 - Council | | 7 820 | 13 232 | 10 213 | 24 165 | 24 723 | 24 723 | 17 516 | 18 045 | 18 576 |
| Vote 2 - Budget and Treasury | | 2 670 | 8 937 | 10 245 | 11 316 | 1 601 | 12 917 | 14 380 | 15 435 | 15 814 |
| Vote 3 - Corporate Services | | 10 222 | 3 676 | 4 561 | 6 049 | 5 473 | 5 473 | 5 996 | 5 965 | 6 071 |
| Vote 4 - Technical Services | | 25 013 | 34 894 | 39 003 | 56 207 | 63 969 | 63 969 | 76 774 | 68 901 | 71 306 |
| Vote 5 - Planning and Development | | – | 280 | 390 | 880 | 547 | 547 | 1 025 | 853 | 871 |
| Vote 7 - [NAME OF VOTE 7] | | – | – | – | – | – | – | – | – | – |
| Vote 8 - [NAME OF VOTE 8] | | – | – | – | – | – | – | – | – | – |
| Vote 9 - [NAME OF VOTE 9] | | – | – | – | – | – | – | – | – | – |
| Vote 10 - [NAME OF VOTE 10] | | – | – | – | – | – | – | – | – | – |
| Vote 11 - [NAME OF VOTE 11] | | – | – | – | – | – | – | – | – | – |
| Vote 12 - [NAME OF VOTE 12] | | – | – | – | – | – | – | – | – | – |
| Vote 13 - [NAME OF VOTE 13] | | – | – | – | – | – | – | – | – | – |



| | | | | | | | | | | |
|---------------------------------------|----------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | 2 | 45 725 | 61 019 | 64 412 | 98 617 | 96 313 | 107 629 | 115 691 | 109 199 | 112 639 |
| Surplus/(Deficit) for the year | 2 | (867) | 8 | 56 | 2 539 | 11 229 | 94 | 324 | 28 | 125 |

Table 11 - A4 Budgeted Financial Performance (revenue by source and expenditure by type)

| Description R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| <u>Revenue By Source</u> | | | | | | | | | | | |
| Property rates | 2 | - | 2 355 | 2 547 | 5 791 | 8 467 | 8 467 | - | 4 272 | 4 503 | 4 746 |
| Property rates - penalties & collection charges | | | | | | | | | | | |
| Service charges - electricity revenue | 2 | 11 046 | - | - | - | - | - | - | 22 841 | 24 211 | 24 211 |
| Service charges - water revenue | 2 | 489 | 2 936 | 3 230 | 3 078 | 3 174 | 3 174 | - | 4 084 | 4 305 | 4 537 |
| Service charges - sanitation revenue | 2 | 3 318 | 3 165 | 3 355 | 1 905 | 2 500 | 2 500 | - | 3 790 | 3 995 | 4 211 |
| Service charges - refuse revenue | 2 | 2 422 | 2 121 | 2 248 | 1 298 | 1 604 | 1 604 | - | 2 588 | 2 728 | 2 875 |
| Service charges - other | | | | | | | | | | | |
| Rental of facilities and equipment | | 259 | | 320 | 235 | 311 | 311 | | 329 | 347 | 365 |
| Interest earned - external investments | | 5 | | | | | | | 136 | 143 | 151 |
| Interest earned - outstanding debtors | | | | 32 | - | - | - | | | | |
| Dividends received | | 13 | | 5 | 5 | 5 | 5 | | 5 | 5 | 5 |
| Fines | | | | 5 | 2 | 7 | 7 | | 7 | 7 | 7 |
| Licences and permits | | | | | | | | | | | |
| Agency services | | | | | | | | | | | |
| Transfers recognised - operational | | 30 290 | 35 625 | 35 528 | 39 482 | 39 482 | 39 482 | | 40 740 | 41 969 | 43 431 |
| Other revenue | 2 | 3 871 | 2 190 | 1 601 | 26 588 | 28 560 | 28 560 | - | 7 885 | 12 266 | 12 588 |



| | | | | | | | | | | | |
|--|------|--------|----------|----------|----------|----------|----------|---|----------|----------|----------|
| Gains on disposal of PPE | | | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | 51 711 | 48 392 | 48 871 | 78 384 | 84 110 | 84 110 | - | 86 677 | 94 478 | 97 128 |
| Expenditure By Type | - | | | | | | | | | | |
| Employee related costs | 2 | 20 817 | 22 534 | 22 972 | 26 748 | 24 905 | 24 905 | - | 27 843 | 29 617 | 31 378 |
| Remuneration of councillors | | 1 313 | 1 564 | 1 827 | 1 797 | 1 818 | 1 818 | | 1 818 | 1 818 | 1 818 |
| Debt impairment | 3 | - | 3 865 | 718 | - | - | - | | 5 000 | 5 000 | 5 000 |
| Depreciation & asset impairment | 2 | 311 | 26 487 | 19 138 | 19 138 | 19 138 | 19 138 | - | 1 500 | 1 500 | 1 500 |
| Finance charges | | 129 | - | - | 120 | 82 | 82 | | 55 | 58 | 61 |
| Bulk purchases | 2 | 13 022 | 4 721 | 6 000 | 23 097 | 29 097 | 29 097 | - | 32 171 | 38 210 | 38 749 |
| Other materials | 8 | 967 | - | - | - | - | - | - | - | - | - |
| Contracted services | | - | - | - | 1 300 | 2 396 | 2 396 | - | 2 530 | 2 667 | 2 811 |
| Transfers and grants | | - | - | - | - | - | - | - | - | - | - |
| Other expenditure | 4, 5 | 6 503 | 23 833 | 15 751 | 21 685 | 24 018 | 24 018 | - | 15 436 | 15 581 | 15 686 |
| Loss on disposal of PPE | | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 43 061 | 83 004 | 66 406 | 93 885 | 101 454 | 101 454 | - | 86 353 | 94 450 | 97 003 |
| Surplus/(Deficit) | | 8 650 | (34 612) | (17 535) | (15 501) | (17 344) | (17 344) | - | 325 | 27 | 125 |
| Transfers recognised - capital | | 4 732 | 12 634 | 15 597 | 18 663 | 18 663 | 18 663 | | 29 337 | 14 749 | 15 636 |
| Contributions recognised - capital | 6 | - | - | - | - | - | - | - | (29 337) | (14 749) | (15 636) |
| Contributed assets | | - | - | - | - | - | - | | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | 13 382 | (21 978) | (1 938) | 3 162 | 1 319 | 1 319 | - | 325 | 27 | 125 |
| Taxation | | | | | | | | | | | |
| Surplus/(Deficit) after taxation | | 13 382 | (21 978) | (1 938) | 3 162 | 1 319 | 1 319 | - | 325 | 27 | 125 |
| Attributable to minorities | | | | | | | | | | | |
| Surplus/(Deficit) attributable to municipality | | 13 382 | (21 978) | (1 938) | 3 162 | 1 319 | 1 319 | - | 325 | 27 | 125 |
| Share of surplus/ (deficit) of associate | 7 | | | | | | | | | | |



| | | | | | | | | | | | |
|--------------------------------|--|--------|----------|---------|-------|-------|-------|---|-----|----|-----|
| Surplus/(Deficit) for the year | | 13 382 | (21 978) | (1 938) | 3 162 | 1 319 | 1 319 | – | 325 | 27 | 125 |
|--------------------------------|--|--------|----------|---------|-------|-------|-------|---|-----|----|-----|

Table 12 – (A6) Budgeted Financial Position

| Description R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| ASSETS | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash | | 925 | (12 170) | (12 230) | (12 250) | (12 250) | (12 250) | | (12 250) | (12 250) | (12 250) |
| Call investment deposits | 1 | – | 54 | 59 | 59 | 59 | 59 | – | 59 | 59 | 59 |
| Consumer debtors | 1 | 18 348 | 1 208 | 16 750 | 16 750 | 16 750 | 16 750 | – | 37 000 | 39 000 | 40 000 |
| Other debtors | | 10 244 | – | 9 000 | | | | | | | |
| Current portion of long-term receivables | | | | | | | | | | | |
| Inventory | 2 | 1 014 | – | – | | | | | | | |
| Total current assets | | 30 531 | (10 908) | 13 580 | 4 559 | 4 559 | 4 559 | – | 24 809 | 26 809 | 27 809 |
| Non current assets | | | | | | | | | | | |
| Long-term receivables | | | | | | | | | | | |
| Investments | | 53 | | | | | | | | | |
| Investment property | | | | | | | | | | | |
| Investment in Associate | | | | | | | | | | | |
| Property, plant and equipment | 3 | 170 493 | 248 364 | 254 382 | 254 382 | 254 382 | 254 382 | – | 272 020 | 272 020 | 272 020 |
| Agricultural | | | | | | | | | | | |
| Biological | | | | | | | | | | | |
| Intangible | | | | | | | | | | | |
| Other non-current assets | | | | | | | | | | | |
| Total non current assets | | 170 545 | 248 364 | 254 382 | 254 382 | 254 382 | 254 382 | – | 272 020 | 272 020 | 272 020 |
| TOTAL ASSETS | | 201 077 | 237 457 | 267 962 | 258 941 | 258 941 | 258 941 | | 296 829 | 298 829 | 299 829 |



| | | | | | | | | | | | |
|--------------------------------------|---|----------------|----------------|----------------|----------------|----------------|----------------|----------|----------------|----------------|----------------|
| | | | | | | | | - | | | |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities | - | | | | | | | | | | |
| Bank overdraft | 1 | | | | | | | | | | |
| Borrowing | 4 | 114 | 114 | 114 | 114 | 114 | 114 | - | 114 | 114 | 114 |
| Consumer deposits | | | | | | | | | | | |
| Trade and other payables | 4 | 52 416 | 33 818 | 23 987 | 27 556 | 27 556 | 27 556 | - | 27 556 | 27 556 | 27 556 |
| Provisions | | - | 200 | 2 200 | | | | | | | |
| Total current liabilities | | 52 530 | 34 132 | 26 301 | 27 670 | 27 670 | 27 670 | - | 27 670 | 27 670 | 27 670 |
| Non current liabilities | | | | | | | | | | | |
| Borrowing | | 765 | 984 | 423 | 423 | 423 | 423 | - | 423 | 423 | 423 |
| Provisions | | - | - | - | - | - | - | - | - | - | - |
| Total non current liabilities | | 765 | 984 | 423 | 423 | 423 | 423 | - | 423 | 423 | 423 |
| TOTAL LIABILITIES | | 53 295 | 35 115 | 26 725 | 28 093 | 28 093 | 28 093 | - | 28 093 | 28 093 | 28 093 |
| NET ASSETS | 5 | 147 782 | 202 341 | 241 237 | 230 848 | 230 848 | 230 848 | - | 268 736 | 270 736 | 271 736 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | 145 726 | 28 237 | 28 306 | 28 306 | 28 306 | 28 306 | | 28 306 | 28 306 | 28 306 |
| Reserves | 4 | - | - | - | - | - | - | - | - | - | - |
| Minorities' interests | | | | | | | | | | | |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | 145 726 | 28 237 | 28 306 | 28 306 | 28 306 | 28 306 | - | 28 306 | 28 306 | 28 306 |

References

Table 13 FS164 Naledi (Fs) - Table A7 Consolidated Budgeted Cash Flows

| Description R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Ratepayers and other | | – | 10 577 | 11 380 | 12 072 | 15 745 | 15 745 | | 37 575 | 39 742 | 40 580 |
| Government - operating | 1 | – | 35 625 | 35 528 | 39 482 | 39 482 | 39 482 | | 40 740 | 41 969 | 43 431 |
| Government - capital | 1 | – | 12 634 | 15 598 | 18 663 | 18 663 | 18 663 | | 29 235 | 14 641 | 15 522 |
| Interest | | 17 | | 32 | | | | | 136 | 143 | 151 |
| Dividends | | | | 5 | 5 | 5 | 5 | | 5 | 5 | 5 |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | (28 860) | (56 517) | (51 768) | (76 327) | (83 934) | (83 934) | | (86 298) | (94 392) | (96 942) |
| Finance charges | | (129) | | | (120) | (82) | (82) | | (55) | (58) | (61) |
| Transfers and Grants | 1 | | | | | | | | | | |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | (28 972) | 2 319 | 10 775 | (6 225) | (10 121) | (10 121) | – | 21 338 | 2 050 | 2 686 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | | | | | | |
| Decrease (Increase) in non-current debtors | | | | | | | | | | | |
| Decrease (Increase) other non-current receivables | | | | | | | | | | | |
| Decrease (Increase) in non-current investments | | 60 | | | | | | | | | |
| Payments | | | | | | | | | | | |
| Capital assets | | (15 292) | 12 634 | 15 598 | 18 663 | 18 663 | 18 663 | | 29 338 | 14 749 | 15 636 |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (15 232) | 12 634 | 15 598 | 18 663 | 18 663 | 18 663 | – | 29 338 | 14 749 | 15 636 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | | | | | | | | | | |
| Borrowing long term/refinancing | | (1 562) | | | | | | | | | |



| | | | | | | | | | | | |
|--|---|----------|----------|----------|--------|--------|--------|-------|--------|--------|--------|
| Increase (decrease) in consumer deposits | | | | | | | | | | | |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | | | | | | | | | | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | (1 562) | - | - | - | - | - | - | - | - | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | | (45 766) | 14 953 | 26 373 | 12 438 | 8 542 | 8 542 | - | 50 676 | 16 799 | 18 322 |
| Cash/cash equivalents at the year begin: | 2 | (596) | (46 362) | (31 409) | 4 377 | 4 377 | 4 377 | 4 377 | 6 543 | 57 218 | 74 017 |
| Cash/cash equivalents at the year end: | 2 | (46 362) | (31 409) | (5 036) | 16 815 | 12 919 | 12 919 | 4 377 | 57 218 | 74 017 | 92 339 |

References

Table 14 FS164 Naledi (Fs) - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | | |
| <u>Cash and investments available</u> | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | (46,362) | (31,409) | (5,036) | 16,815 | 12,919 | 12,919 | 4,377 | 57,218 | 74,017 | 92,339 |
| Other current investments > 90 days | | 47,287 | 19,293 | (7,135) | (29,005) | (25,109) | (25,109) | (4,377) | (69,409) | (86,208) | (104,530) |
| Non current assets - Investments | 1 | 53 | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | | 978 | (12,116) | (12,171) | (12,191) | (12,191) | (12,191) | - | (12,191) | (12,191) | (12,191) |
| <u>Application of cash and investments</u> | | | | | | | | | | | |
| Unspent conditional transfers | | 10,235 | (2,292) | (3,569) | - | - | - | - | - | - | - |
| Unspent borrowing | | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | 2 | | | | | | | | | | |
| Other working capital requirements | 3 | 42,181 | 35,108 | 5,586 | 22,358 | 21,646 | 21,646 | - | (2,802) | (2,045) | (2,761) |
| Other provisions | | | | | | | | | | | |
| Long term investments committed | 4 | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 5 | | | | | | | | | | |
| Total Application of cash and investments: | | 52,416 | 32,817 | 2,017 | 22,358 | 21,646 | 21,646 | - | (2,802) | (2,045) | (2,761) |
| Surplus(shortfall) | | (51,439) | (44,932) | (14,188) | (34,549) | (33,837) | (33,837) | - | (9,389) | (10,146) | (9,430) |



Table 15 FS164 Naledi (Fs) - Table A9 Consolidated Asset Management

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | | |
| <u>Total New Assets</u> | 1 | 21,579 | 10,185 | 20,130 | 16,797 | 15,597 | 15,597 | 21,287 | 13,679 | 13,905 |
| <i>Infrastructure - Road transport</i> | | 10,749 | 3,320 | 6,283 | 1,750 | 550 | 550 | 4,913 | 3,921 | 8,607 |
| <i>Infrastructure - Electricity</i> | | - | - | - | - | - | - | 81 | 85 | 90 |
| <i>Infrastructure - Water</i> | | 1,281 | 5,481 | 2,698 | 2,698 | 2,698 | 2,698 | 10,295 | 8,477 | 4,373 |
| <i>Infrastructure - Sanitation</i> | | 1,469 | - | 4,277 | 5,477 | 5,477 | 5,477 | 410 | - | - |
| <i>Infrastructure - Other</i> | | - | 1,384 | 6,872 | 6,872 | 6,872 | 6,872 | 5,588 | 1,196 | 835 |
| Infrastructure | | 13,500 | 10,185 | 20,130 | 16,797 | 15,597 | 15,597 | 21,287 | 13,679 | 13,905 |
| Community | | 6,667 | - | - | - | - | - | - | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | 6 | 1,413 | - | - | - | - | - | - | - | - |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | - | - | - | - | - | - |
| <u>Total Renewal of Existing Assets</u> | 2 | - | - | - | - | - | - | - | - | - |
| <i>Infrastructure - Road transport</i> | | - | - | - | - | - | - | - | - | - |
| <i>Infrastructure - Electricity</i> | | - | - | - | - | - | - | - | - | - |
| <i>Infrastructure - Water</i> | | - | - | - | - | - | - | - | - | - |



| | | | | | | | | | | |
|---|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | | | | | | - | | | |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - | - | - | - |
| Community | - | - | - | - | - | - | - | - | - | - |
| Heritage assets | - | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - | - |
| Other assets | 6 | - | - | - | - | - | - | - | - | - |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | - | - | - | - | - | - |
| <u>Total Capital Expenditure</u> | 4 | | | | | | | | | |
| Infrastructure - Road transport | | 10,749 | 3,320 | 6,283 | 1,750 | 550 | 550 | 4,913 | 3,921 | 8,607 |
| Infrastructure - Electricity | | - | - | - | - | - | - | 81 | 85 | 90 |
| Infrastructure - Water | | 1,281 | 5,481 | 2,698 | 2,698 | 2,698 | 2,698 | 10,295 | 8,477 | 4,373 |
| Infrastructure - Sanitation | | 1,469 | - | 4,277 | 5,477 | 5,477 | 5,477 | 410 | - | - |
| Infrastructure - Other | | - | 1,384 | 6,872 | 6,872 | 6,872 | 6,872 | 5,588 | 1,196 | 835 |
| Infrastructure | | 13,500 | 10,185 | 20,130 | 16,797 | 15,597 | 15,597 | 21,287 | 13,679 | 13,905 |
| Community | | 6,667 | - | - | - | - | - | - | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | | 1,413 | - | - | - | - | - | - | - | - |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | - | - | - | - | - | - |



| | | | | | | | | | | |
|---|----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | | | | | - | | | |
| TOTAL CAPITAL EXPENDITURE - Asset class | 2 | 21,579 | 10,185 | 20,130 | 16,797 | 15,597 | 15,597 | 21,287 | 13,679 | 13,905 |
| ASSET REGISTER SUMMARY - PPE (WDV) | 5 | | | | | | | | | |
| <i>Infrastructure - Road transport</i> | | | | | | | | | | |
| <i>Infrastructure - Electricity</i> | | | | | | | | | | |
| <i>Infrastructure - Water</i> | | | | | | | | | | |
| <i>Infrastructure - Sanitation</i> | | | | | | | | | | |
| <i>Infrastructure - Other</i> | | | | | | | | | | |
| Infrastructure | | - | - | - | - | - | - | - | - | - |
| Community | | | | | | | | | | |
| Heritage assets | | | | | | | | | | |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | | | | | | | | | | |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | - | - | - | - | - | - |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 5 | - | - | - | - | - | - | - | - | - |
| EXPENDITURE OTHER ITEMS | | | | | | | | | | |
| <u>Depreciation & asset impairment</u> | | 311 | 26,487 | 19,138 | 19,138 | 19,138 | 19,138 | 1,500 | 1,500 | 1,500 |
| <u>Repairs and Maintenance by Asset Class</u> | 3 | 1,369 | 1,396 | 878 | 2,278 | - | 1,175 | 1,236 | 1,308 | 1,219 |
| <i>Infrastructure - Road transport</i> | | 501 | 178 | 270 | 588 | - | 350 | 370 | 390 | 411 |
| <i>Infrastructure - Electricity</i> | | 32 | 40 | - | - | - | - | - | - | - |
| <i>Infrastructure - Water</i> | | 50 | 755 | 145 | 161 | - | 280 | 205 | 216 | 228 |
| <i>Infrastructure - Sanitation</i> | | 160 | 162 | 100 | 100 | - | 200 | 354 | 373 | 393 |
| <i>Infrastructure - Other</i> | | 175 | 34 | 219 | 1,366 | - | 50 | 63 | 66 | 70 |
| Infrastructure | | 918 | 1,169 | 734 | 2,215 | - | 880 | 991 | 1,045 | 1,101 |
| Community | | 451 | 227 | 110 | 53 | - | 160 | 100 | 108 | 118 |



| | | | | | | | | | | |
|---|----|--------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | 6, | - | - | - | - | - | - | - | - | - |
| Other assets | 7 | - | - | 34 | 10 | - | 135 | 145 | 155 | - |
| TOTAL EXPENDITURE OTHER ITEMS | | 1,681 | 27,883 | 20,016 | 21,416 | 19,138 | 20,313 | 2,736 | 2,808 | 2,719 |
| <i>Renewal of Existing Assets as % of total capex</i> | | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> |
| <i>Renewal of Existing Assets as % of deprecn"</i> | | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> |
| <i>R&M as a % of PPE</i> | | <i>0.8%</i> | <i>0.6%</i> | <i>0.3%</i> | <i>0.9%</i> | <i>0.0%</i> | <i>0.5%</i> | <i>0.5%</i> | <i>0.5%</i> | <i>0.4%</i> |
| <i>Renewal and R&M as a % of PPE</i> | | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> |

Table 16 FS164 Naledi (Fs) - Table A10 Consolidated basic service delivery measurement

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----|----------|-----------|-----------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| <u>Household service targets</u> | 1 | | | | | | | | | |
| <u>Water:</u> | | | | | | | | | | |
| Piped water inside dwelling | | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Piped water inside yard (but not in dwelling) | | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Using public tap (at least min.service level) | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Other water supply (at least min.service level) | 4 | | | | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | | 7 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Using public tap (< min.service level) | 3 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other water supply (< min.service level) | 4 | | | | | | | | | |
| No water supply | | | | | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total number of households | 5 | 8 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| <u>Sanitation/sewerage:</u> | | | | | | | | | | |



| | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|
| Flush toilet (connected to sewerage) | | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Flush toilet (with septic tank) | | | | | | | | | |
| Chemical toilet | | | | | | | | | |
| Pit toilet (ventilated) | | | | | | | | | |
| Other toilet provisions (> min.service level) | | | | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Bucket toilet | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other toilet provisions (< min.service level) | | | | | | | | | |
| No toilet provisions | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <i>Below Minimum Service Level sub-total</i> | | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| Total number of households | 5 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 6 |
| <u>Energy:</u> | | | | | | | | | |
| Electricity (at least min.service level) | | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Electricity - prepaid (min.service level) | | | | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Electricity (< min.service level) | | | | | | | | | |
| Electricity - prepaid (< min. service level) | | | | | | | | | |
| Other energy sources | | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <i>Below Minimum Service Level sub-total</i> | | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total number of households | 5 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| <u>Refuse:</u> | | | | | | | | | |
| Removed at least once a week | | | | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | - | - |
| Removed less frequently than once a week | | | | | | | | | |
| Using communal refuse dump | | | | | | | | | |
| Using own refuse dump | | | | | | | | | |
| Other rubbish disposal | | | | | | | | | |
| No rubbish disposal | | | | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - |
| Total number of households | 5 | - | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|--|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Households receiving Free Basic Service | 7 | | | | | | | | | |
| Water (6 kilolitres per household per month) | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Sanitation (free minimum level service) | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Electricity/other energy (50kwh per household per month) | | – | – | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Refuse (removed at least once a week) | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Cost of Free Basic Services provided (R'000) | 8 | | | | | | | | | |
| Water (6 kilolitres per household per month) | | 4,935 | 5,378 | 5,727 | 5,727 | 5,727 | 5,727 | 5,727 | 5,727 | 5,727 |
| Sanitation (free sanitation service) | | 4,935 | 5,378 | 5,727 | 5,727 | 5,727 | 5,727 | 5,727 | 5,727 | 5,727 |
| Electricity/other energy (50kwh per household per month) | | 4,935 | 5,378 | 5,727 | 5,727 | 5,727 | 5,727 | 5,727 | 5,727 | 5,727 |
| Refuse (removed once a week) | | 4,935 | 5,378 | 5,727 | 5,727 | 5,727 | 5,727 | 5,727 | 5,727 | 5,727 |
| Total cost of FBS provided (minimum social package) | | 19,740 | 21,512 | 22,908 | 22,908 | 22,908 | 22,908 | 22,908 | 22,908 | 22,908 |
| Highest level of free service provided | | | | | | | | | | |
| Property rates (R value threshold) | | | | | | | | | | |
| Water (kilolitres per household per month) | | | | | | | | | | |
| Sanitation (kilolitres per household per month) | | | | | | | | | | |
| Sanitation (Rand per household per month) | | | | | | | | | | |
| Electricity (kwh per household per month) | | | | | | | | | | |
| Refuse (average litres per week) | | | | | | | | | | |
| Revenue cost of free services provided (R'000) | 9 | | | | | | | | | |
| Property rates (R15 000 threshold rebate) | | | | | | | | | | |
| Property rates (other exemptions, reductions and rebates) | | | | | | | | | | |
| Water | | | | | | | | | | |
| Sanitation | | | | | | | | | | |
| Electricity/other energy | | | | | | | | | | |
| Refuse | | | | | | | | | | |
| Municipal Housing - rental rebates | | | | | | | | | | |
| Housing - top structure subsidies | 6 | | | | | | | | | |
| Other | | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Total revenue cost of free services provided (total social package) | - | - | - | - | - | - | - | - | - |
|---|---|---|---|---|---|---|---|---|---|

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipal IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and priorities in the allocation of resources

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 25 August 2012. Key dates applicable to the process were as follows (*refer to the table listed below*):

REVISED IDP AND BUDGET PROCESS PLAN TIMETABLE FOR 2013/14 MTREF

8 PROCESS PROGRAMME & TIMEFRAME

The Following is a process programme and timeframe for **2013 -14 IDP/BUDGET Review Process** that Naledi Local Municipality is going to follow:

8.1 Preparation [Pre-Planning] Phase

| DELIVERABLE | ACTION(S) TO BE TAKEN | RESPONSIBLE PARTIES | TIME-FRAME(S) |
|--|--|---|----------------------|
| Consider comments and/or proposals received from MEC, if any, MSA s 32 | Convene an IDP Steering Committee and analyse MEC's comments and/or proposals, if any. | IDP Steering Committee | 16 Aug 2012 |
| Consider comments and/or proposals from Councillors, Ward Committees and other key-role players that may have been received | Convene an IDP Steering Committee and analyse comments and/or proposals, if any. | IDP Steering Committee | 23 Aug 2012 |
| Establish method(s) of gathering of data and processing into decision-making information and Municipal turn around strategy 2010/2011/12 | Convene an IDP Steering Committee | IDP Steering Committee | 28 Aug 2012 |
| Obtain adoption of IDP Review Process Plan | Convene a Special Council Meeting | Municipal Manager & Mayor | 31 Aug 2012 |
| Training of Stakeholders/Rep Forum members on IDP Processes | Provide detailed accredited training for Rep Forum members on IDP processes | Appointed Service Provider by MM | 18 Sep 2012 |

8.2 Phase 1: Analysis

| DELIVERABLE | ACTION(S) TO BE TAKEN | RESPONSIBLE PARTIES | TIME-FRAME(S) |
|--|---|-------------------------|-----------------|
| Status Quo Analysis | Present status quo(incl Spatial Development Framework) report on Community and Municipal-wide issues | IDP Steering Committee | 28 Sep 2012 |
| Progress Report on 2011/2012 IDP Implementation | Present Outcome & Impact of 2011/2012 IDP Implementation (Performance report of the IDP to steering committee) | IDP Steering Committee | 16 October 2012 |
| Validation of existing level of development dynamics | Present existing level of development dynamics Representative Forum (Get the Provincial Assessment report) | IDP Steering Committee | 16 Oct 2012 |
| Document all Outputs | Deskwork | Manager: IDP & OPM Unit | 24 Oct 2012 |
| Development and alignment of IDP Sector plans & programmes as per the legislative requirements including Performance Management System | *Conduct an Audit of Existing Sector Plans and Programmes and Align to IDP *Develop Outstanding Sector Plans and Programmes and Align to IDP | IDP Steering Committee | 31 Oct 2012 |



| | | | |
|--|---|--|--|
| | *Conduct an Audit of existing PMS and Align to IDP(move to strategy phase) | | |
|--|---|--|--|

8.3 Phase 2: Strategies

| DELIVERABLE | ACTION(S) TO BE TAKEN | RESPONSIBLE PARTIES | TIME-FRAME(S) |
|--|--|----------------------------|---------------|
| Review of Naledi Vision, Mission &, Values | Facilitate a meeting with IDP Steering Committee & Rep Forum | Manager: IDP & OPM Unit | 08 Nov 2012 |
| Review of Development Objective & Strategies | Facilitate a meeting with IDP Steering Committee & Rep Forum | Rep Forum : IDP & OPM Unit | 22 Nov 2012 |



A.

8.4 Phase 3: Projects

| DELIVERABLE | ACTION(S) TO BE TAKEN | RESPONSIBLE PARTIES | TIME-FRAME(S) |
|---|---|-------------------------|---------------|
| Review previous IDP projects and & programmes | Facilitate a meeting with IDP Steering Committee & Rep Forum | Manager: IDP & OPM Unit | 29 Nov 2012 |
| Designing of IDP projects & programmes | Establish Project/Programme and Sectoral Task teams and assign responsibilities to design projects/programmes with clear deliverables | IDP Steering Committee | 06 Dec 2012 |

8.5 Phase 4: Integration

| DELIVERABLE | ACTION(S) TO BE TAKEN | RESPONSIBLE PARTIES | TIME-FRAME(S) |
|---|--|------------------------|---------------|
| Integration & Alignment of IDP to Xhariep IDP, Provincial and National Plans and Programmes | 1. Develop Financial strategies [Medium Term Expenditure Framework] including 2012/2013 Annual Budget | IDP Steering Committee | 07 Feb 2013 |
| Integration & Alignment of IDP to Xhariep IDP, Provincial and National Plans and Programmes | 2. Align to Spatial development framework (Xhariep DM & Free State Provincial Growth & Development Strategy) 3. Align to Free State Growth Development Strategy 4. Align to National Spatial Development Perspective | IDP Steering Committee | 21 Feb 2013 |



| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

B. Phase 4: Integration (Continues)

| DELIVERABLE | ACTION(S) TO BE TAKEN | RESPONSIBLE PARTIES | TIME-FRAME(S) |
|--|--|-------------------------|---|
| Document Output and Incorporate Budget Process as per applicable MFMA Circular | Deskwork Internal Consultation External Consultation Adjust to Approved Budget Process | Manager: IDP& OPM Unit | 12 Feb 2012 |
| Publication of draft IDP 2012/13 Annual Budget for public comment | Advertise through Xhariep Independent, Seipone News, The Weekly, Sports Eye, Public Eye, Free State News and Municipal Notice Boards for 21 days | Manager: IDP & OPM Unit | 14 Mar 2012 |
| Council Strategic Planning | To look at all the issues that has been tabled before Council and discuss way forward | Council & Management | 10 – 12 April 2013 Venue to be decided by the Mayor & MM |

8.6 Phase 5: Approval

| DELIVERABLE | ACTION(S) TO BE TAKEN | RESPONSIBLE PARTIES | TIME-FRAME(S) |
|---|--|---------------------------|---------------|
| Obtain approval of IDP 2012/13 & Annual Budget | Convene a Special Council Meeting (Budget Speech by the Mayor) | Municipal Manager & Mayor | 14 May 2013 |
| Consideration of public comment | Consider and Incorporate Public Comments | Manager: IDP & OPM Unit | 29 May 2013 |
| Development and submission of Service Delivery & Budget Implementation Plan & | Develop and Implement Support Systems and Mechanisms, Commit | Municipal Manager | June 2013 |



| | | | |
|---|---|-----|-------------|
| Annual Performance Agreements by Municipal Manager to the Mayor for consideration | Resources (Capital, Human and Physical) Build Capacity of Council and Officials | | |
| IDP Implementation, Monitoring and Review | Constantly Implement, Monitor and Review Implementation of Naledi IDP then Report to Relevant Stakeholders and the Public | All | Immediately |

BUDGET TIMELINES

| OBJECTIVE | RESPONSIBILITY | TARGET DATE | % COMPLETE |
|---|-----------------------------------|--------------------|-------------------|
| Develop budget and schedule for preparation of operating and capital budget (Adopted from Treasury guide) | IDP/Budget & Treasury | 31 August 2012 | 100% |
| Review tariffs and charges and collection of revenue and prepare forecasts of revenue for next three years in consultation with other municipalities (Section 21 (2) (d)) | Budget & Treasury | March 2013 | 0% |
| Develop structure of budgets to align with portfolios and organisational management structures. | Budget and Treasury Officer | 29 August 2012 | 0% |
| Integrate the IDP planning process with the budget process and timetable through development of operational and project plans. | MM / MFS | 29 September 2012 | 0% |
| Evaluate estimates and allocations to determine a draft budget and budget options for three years. | MFS/ All Heads of Departments | 15 March 2013 | 0% |
| In consultation with IDP Steering | IDP Steering Committee / MM / MFS | 10 January 2013 | 0% |



| | | | |
|--|-----------------------------|--------------------|----|
| Committee develop capital and operating budgets for next three years. | | | |
| Prepare Adjustment budget in reporting formats (National Treasury) | Budget and Treasury Officer | 25 January 2013 | 0% |
| Communicate proposed budget to community for comments and inputs. | Councilors | 15 - 17 April 2013 | 0% |
| Submit draft budget to National Treasury. | Budget and Treasury Officer | 30 March 2013 | 0% |
| Advertise proposed budget to public for objections. | MAS | 04 April 2013 | 0% |
| Table draft budget in Council for public consultation and debate. | Mayor | 30 March 2013 | 0% |
| Approve 2012/2013 capital and operating budgets and cash flow budget by resolution that also notes out two year's projected budgets. | Council | 30 May 2013 | 0% |
| Submit approved budgets to National Treasury. | Budget and Treasury Officer | 31 May 2013 | 0% |
| Draft SDBIP (Section 69 (3) (a)) | IDP & OPMS Manager | 30 May 2013 | 0% |
| Final SDBIP | IDP & OPMS Manager | 14 June 2013 | |



2.1.2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury.

2.1.3 IDP and Service Delivery and Budget Implementation Plan

This is a newly designed IDP, resulted from the public participation processes that will be valid for the years 2013/14 to 2017/18. It commenced in August 2012 after the tabling the IDP process plan and the budget time schedules for the 2013/14 MTREF.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The process plan applicable to the fourth revision cycle, include the following key IDP processes and deliverables;

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP; and
- The review of the performance management and monitoring system.

The IDP has been taken into a business and financial planning process leading to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year review and adjustment budget. The business planning process has subsequently been refined in the light of the current economic circumstances and the revenue projections.

With the compilation of the 2013/14 MTREF, each department /function had to review their business planning process, including setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning and essentially informed the detail operating budget appropriations and the three year capital programme.

2.1.4 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF.

- Growth and Development in the municipal area;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e. inflation, Eskom/Centlec increases, household's debt, migration patterns);
- Performance trends;
- The approved 2012/13 adjustment budget and performance against the SDBIP;
- Cash Flow Management Strategy;
- Debtor payment levels;
- Loan and investment possibilities;
- The need for tariff increase versus the ability of the communities to pay for services;
- Improved and sustainable service delivery;
- Situational analysis performed during the IDP compilations which includes statistical information (e.g. Population, unemployment rate, etc.)

In addition, the strategic guideline given in the National Treasury's MFMA circulars 58, 59 and 67 has been factored into the planning and prioritisation process.

2.2 Overview of budget related-policies

The Municipal budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. Listed below are policies attached as annexure B and had been either developed or reviewed to be implemented with effect from 1 July 2013:

- Supply Chain Management Policy
- Property Rates Policy
- Tariffs Policy
- Credit Control and Debt Collection Policy
- Municipal Banking and Investment Policy
- Indigent Policy
- Budget Management Policy
- Budget Principles
- Assets Management Policy
- External Loans
- Cell phones Policy
- Virement Policy
- Bad Debts Policy
- Reimbursement Policy
- Inventory Policy

2.3 Municipal Managers Quality Certificate.

I **Qheku Wilson Lefora** municipal manager of Naledi Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

**Municipal Manager of
Naledi Local Municipality (FS164)**

Signature _____

Date _____

ANNEXURE C

TARIFFS 2012 - 2013

| Item No | Description | Approved Tariffs July 2012 - 2013 | Proposed % increase | Proposed Tariffs July 2013 - 2014 |
|---------|--|-----------------------------------|---------------------|-----------------------------------|
| 1. | Assesment Rates | | | |
| | Domestic(residential) | | | |
| | Land | | | |
| | Improvements | | | |
| | Government,Busineses & other | | | |
| | Land | | | |
| | Improvements | | | |
| | Rebate % - Government | | | |
| | | | | |
| | Site Levies (owned by municipality) | | | |
| | Site levy all towns | | | |
| | Empty erven | | | |
| | | | | |
| | RESIDENTIAL | 0.01166 | | 0.0085 |
| | All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. For the 2009/2010 financial year the maximum reduction is determined as R35 000. The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R20 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty. | | | |
| | | | | |
| | <u>Retired and Disabled Persons Rate Rebate.</u> For the 2009/2010 financial year the total monthly income and corresponding rebate is determined as follows:- | | | |
| | R0 to R2 500 per month - 100% | | | |
| | R2 501 to R5 000 per month - 50% | | | |
| | R5 001 to R8 000 per month - 20% | | | |
| | | | | |
| | Indigent owners and child headed families will receive a 100% rebate from | | | |

| | | | | |
|-----------|---|-----------|------|------------|
| | rates | | | |
| | BUSINESS/INDUSTRIAL/COMMERCIAL | 0.01166 | | 0.0085 |
| | STATE OWNED-GOVERNMENT | 0.02332 | | 0.017 |
| | Ratio 1:2 - State owned properties, including all agricultural properties(farms) owned any sphere of government, shall be levied 2 x the rate of domestic properties. | | | |
| | STATE OWNED-GOVERNMENT AGRICULTURE | | | |
| | - Ratio of 1:0.25 (75% rebate) on tariff of R0.02332 as promulgated by the Minister of Provincial and Local Government | 0.002915 | | 0.0031875 |
| | AGRICULTURAL - Normal | 0.0014575 | | 0.00159375 |
| | <u>Standard rebate to all agricultural properties</u> | | | |
| | - Ratio of 1:0.25 (75% rebate) on tariff of R0.0085 as promulgated by the Minister of Provincial and Local Government | | | |
| | <u>Additional rebnate if qualified and applied for</u> | | | |
| | - 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependants | | | |
| | - 2,5% if such residential properties are provided with potable water. | | | |
| | - 2,5% if the farmer for the farm workers electrifies such residential properties. | | | |
| | - 2,5% for the provision of land for burial to own farm workers and educational and recreational purposes to own farm workers as well as people from surrounding farms. | | | |
| 2. | Administration | | | |
| | Building plan fees (Extentions) | 82.00 | 5.6% | 86.59 |
| | Building plan fees (New Buildings) | 82.00 | 5.6% | 86.59 |
| | Tax certificate | 82.00 | 5.6% | 86.59 |
| | Valuation certificates | 82.00 | 5.6% | 86.59 |
| | Photostats | 2.00 | 5.6% | 2.10 |
| | Faxes : Receive | 3.00 | 5.6% | 3.20 |
| | Send: | R10+R2/P | 5.6% | R11+R2/P |
| | Posters deposit | 125.00 | 5.6% | 132.00 |
| | Advertisement board on encroachments | 375.00 | 5.6% | 396.00 |

| | | | | |
|-----------|--|--------|------|--------|
| | p/a | | | |
| | Business license p/a | 125.00 | 5.6% | 132.00 |
| | Clearance certificates | 125.00 | 5.6% | 132.00 |
| | Tender Document | | | |
| | Tender below R 500, 000.00 | 394.00 | 5.6% | 416.00 |
| | Tender above R 500, 000.00 | 675.00 | 5.6% | 712.00 |
| | Data base registration | 169.00 | 5.6% | 178.00 |
| | Proof of residents letter | 10.00 | 5.6% | 11.00 |
| | | | | |
| | | | | |
| | | | | |
| 3. | <i>Sportgrounds, Parks and Cemeteries</i> | | | |
| | | | | |
| | Grave Fees | | | |
| | Per site: Former Towns | 655.00 | 5.6% | 692.00 |
| | Per site: grave digging(Morojaneng) | 131.00 | 5.6% | 138.00 |
| | Site @ Dewetsdorp ; Wepener | | | |
| | | | | |
| | Digging of grave | 883.00 | 5.6% | 932.00 |
| | Opening of grave | 883.00 | 5.6% | 932.00 |
| | Payment to contractor | 656.00 | 5.6% | 692.00 |
| | Sportgrounds | | | |
| | Rent sport grounds: | 655.00 | 5.6% | 692.00 |
| | | | | |
| | | | | |
| 4. | <i>Library</i> | | | |
| | Fines/Penalty per week | 13.12 | 5.6% | 14.00 |
| | Lost book each | 125.00 | 5.6% | 132.00 |
| | | | | |
| 5. | <i>Fire Brigade</i> | | | |
| | Call out | | | |
| | | | | |
| 6. | <i>Properties</i> | | | |
| | Camps | | | |
| | | | | |
| | Cow(including calf) | 45.00 | 5.6% | 48.00 |
| | Horse(including Colt/Foal) | 62.00 | 5.6% | 65.00 |
| | Sheep(including lamp) | 40.00 | 5.6% | 42.00 |
| | Goat(including young Goat/Kit) | 34.00 | 5.6% | 36.00 |
| | | | | |

| | | | | |
|-----------|--|----------|------|---------|
| | Biological Assets disposal | 675.00 | 5.6% | 712.00 |
| | | | | |
| | | | | |
| | Private rental - Mc Donald and 20 Spiessstreet (garden service included) | 1 332.00 | 5.6% | 1406.00 |
| | Private rental - 16 Spiessstreet | | | |
| | Private rental - 18 Spiessstreet | | | |
| | Personnel Housing - If qualified (Postlevel 1-6) | | | |
| | Municipal flat | 636.00 | 5.6% | 672.00 |
| | Municipal House | 1 007.00 | 5.6% | 1063.00 |
| | | | | |
| | <i>Conference</i> | | | |
| | Showgrounds | | | |
| | Swimming pools | | | |
| | Old municipal buildings | | | |
| | | | | |
| | | | | |
| | Dewetsdorp (Flats) | | | |
| | | | | |
| | | | | |
| | Vodacom/MTN | | | |
| | | | | |
| 7. | Public Works | | | |
| | | | | |
| | General workman per hour - Supervisor | 105.00 | 5.6% | 111.00 |
| | General workman per hour | 4.00 | 5.6% | 5.00 |
| | Illegal dumping on pavement - per load | 211.00 | 5.6% | 222.00 |
| | Garden refuse removal - per load | | | |
| | Construction equipment - per hour (fuel included) | 395.00 | 5.6% | 417.00 |
| | Transport - per kilometer (load km) | 20.00 | 5.6% | 22.00 |
| | Clearing of erven with machinery - per erf per hour (min: 1 hour) | 224.00 | 5.6% | 237.00 |
| | Whole area - Per hand per square meter (Not removal) | 1.32 | 5.6% | 1.40 |
| | GRAVEL | | | |
| | | | | |
| 8. | Licences per annum | | | |
| | Business Licences | 198.00 | 5.6% | 209.00 |
| | Informal tuck shop | 66.00 | 5.6% | 70.00 |
| | Street hawker | 15.00 | 5.6% | 16.00 |
| 9. | City Hall and Offices | | | |
| | | | | |

| | | | | |
|------------|--|----------|------|---------|
| | Rental Town Hall | | | |
| | Wepener | | | |
| | Side Hall | 167.08 | 5.6% | 176.00 |
| | Main hall | 334.15 | 5.6% | 353.00 |
| | Kitchen and cutlery | 243.02 | 5.6% | 257.00 |
| | Table and Chair | 280.90 | 5.6% | 297.00 |
| | All | 759.44 | 5.6% | 802.00 |
| | Qibing & Ebenhaeserhoogte halls | | | |
| | Friday - Sunday | 197.45 | 5.6% | 209.00 |
| | Monday - Thursday | 197.45 | 5.6% | 209.00 |
| | Mapuding hall | | | |
| | Dewetsdorp | | | |
| | Rental Town Hall | | | |
| | Side Hall | 167.08 | 5.6% | 176.00 |
| | Main hall | 334.15 | 5.6% | 353.00 |
| | Halls for churches | 134.83 | 5.6% | 142.00 |
| | Kitchen and cutlery | 243.02 | 5.6% | 257.00 |
| | Table and Chair | 280.90 | 5.6% | 297.00 |
| | All | 759.44 | 5.6% | 802.00 |
| | Morojaneng Hall | | | |
| | Rental | 179.50 | 5.6% | 190.00 |
| | Vanstadensrus | | | |
| | Hire: Community hall | 197.45 | 5.6% | 209.00 |
| | Refundable deposit payable on all cutlery hire | 690.40 | 5.6% | 730.00 |
| | Deposits | | | |
| | <i>Wepener</i> | | | |
| | City Hall | 1 035.60 | 5.6% | 1094.00 |
| | Annex and kitchen | 379.72 | 5.6% | 400.00 |
| | Ebenhaezerhoogte/Qibing Halls | 690.40 | 5.6% | 730.00 |
| | Dewetsdorp | | | |
| | Morojaneng Hall - | 690.40 | 5.6% | 730.00 |
| | Morojaneng Hall - Non residents | 690.40 | 5.6% | 730.00 |
| | Dewetsdorp Town Hall | 1 035.60 | 5.6% | 1094.00 |
| | Van Stadensrus | 690.40 | 5.6% | 730.00 |
| | | | | |
| 10. | Sewerage and Sanitation | | | |
| | | | | |
| | 1) Domestic Houses, Churches, Flats & Suction (Houses) - DOM | 55.45 | 5.6% | 58.55 |
| | 2) Business, Offices & Suction - BUS | 98.39 | 5.6% | 103.90 |
| | 3) School - SCH | 2 811.35 | 5.6% | 2968.79 |

| | | | | |
|------------|---|----------|------|---------|
| | 4) Correctional Services - CORR | 2 342.79 | 5.6% | 2473.99 |
| | 5) SAPS, Hotel & Guest House - SAP | 1 054.26 | 5.6% | 1113.30 |
| | 6) Big Business - BBUS | 221.78 | 5.6% | 234.20 |
| | 7) Retirement Home - OLD | 434.20 | 5.6% | 458.52 |
| | 8) Sport Clubs, Spoornet - DEPT | 106.21 | 5.6% | 112.16 |
| | | | | |
| | New Connections | | | |
| | | | | |
| | New connections - private | | | |
| | New connections - other | | | |
| | public works | | | |
| | finer | 561.80 | 5.6% | 593.26 |
| | | | | |
| 11. | Refuse Removal | | | |
| | | | | |
| | 1) Domestic Houses, Departmental & Sport Clubs - DOM | 43.29 | 5.6% | 45.71 |
| | 2) Business, Shops, Spoornet & Boarding House - BUS | 121.51 | 5.6% | 128.31 |
| | 3) Big Business, Correctional Service, SAPS & Hostel - BBUS | 382.76 | 5.6% | 404.19 |
| | 4) Offices - OFF | 66.83 | 5.6% | 70.58 |
| | 5) School - SCH | 239.98 | 5.6% | 253.42 |
| | | | | |
| | | | | |
| 13. | WATER CONSUMPTION | | | |
| | Consumers | | | |
| | Service levy | 18.02 | 5.6% | 19.02 |
| | Service levy - Commerce.governm,sport & schools | 106.46 | 5.6% | 112.42 |
| | Per Kl usage (1 -6) | - | | |
| | Per Kl usage (>6 Kl -30Kl) | 8.93 | 5.6% | 9.43 |
| | >30Kl + COMMERCE,GOVERNMENT | 9.56 | 5.6% | 10.09 |
| | CONTRACTORS | | | |
| | BREAKAGE | | | |
| | BREAKAGE UNREPORTED | | | |
| | Sport Clubs and Departmental | | | |
| | Per Kl usage | 8.49 | 5.6% | 8.96 |
| | | | | |
| | Irrigation | | | |
| | Flood irrig / cycle - V/Stadensrus | 20.47 | 5.6% | 21.62 |
| | | | | |
| | Lost Water Tokens | 297.78 | 5.6% | 314.46 |

| | | | | |
|------------|--|-------------------------------------|------|---------|
| | | | | |
| | Connections | | | |
| | Reconnection - 1 st | 204.72 | 5.6% | 216.19 |
| | Reconnection - 2 nd | 491.34 | 5.6% | 518.85 |
| | Reconnection - 3 rd | 982.68 | 5.6% | 1037.71 |
| | New connections | | | |
| | Test meter | 245.67 | 5.6% | 259.43 |
| | | | | |
| | Private Work | | | |
| | Labour per hour - Supervisor | 108.28 | 5.6% | 114.35 |
| | Labour per hour - General worker | 60.91 | 5.6% | 64.32 |
| | Saturday and weekdays - after hours | | | |
| | Public holidays, sundays | | | |
| | Material costs | | | |
| | | | | |
| 14. | Travel and Subsistence | | | |
| | Vehicle running cost | 2.27 | 5.6% | 2.40 |
| | Day allowance - councillors | The S&T rates | | |
| | - officials | shall be as per | | |
| | Accommodation - overnight maximum self catering/n | approved approved | | |
| | - Hotel / night maximum | S&T policy of the municipality | | |
| | (accommodation includes dinner except where it is not part of the reservation. Receipts for expenses on meals must be submitted) | | | |
| 15. | Expenditure Tariffs | | | |
| | | | | |
| | Cellphones allowance | | | |
| | Councilors | The cellular phone allowances | | |
| | Mayor | of councilors shall be per | | |
| | | Remuneration of Office Bearers Act. | | |
| | Municipal manager | 1 348.32 | 5.6% | 1423.83 |
| | HOD/Directors - Section 56 Managers | 1 123.60 | 5.6% | 1186.52 |
| | Manager reporting directly to HOD | 898.88 | 5.6% | 949.22 |
| | Assistant Managers | 730.34 | 5.6% | 771.24 |
| | Supervisors/PA | 280.90 | 5.6% | 296.63 |
| | other officials | 134.83 | 5.6% | 142.38 |
| | | | | |
| | | | | |
| 18. | New accounts | | | |

| | | | | |
|--|---------|--------|------|--------|
| | Deposit | 231.00 | 5.6% | 244.00 |
| | | | | |